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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1941

No. 91

CHARLES R. FISCHER, COMMISSIONER OF INSURANCE OF THE STATE OF IOWA, AS RECEIVER FOR THE AMERICAN LIFE INSURANCE COMPANY, PETITIONER,

vs.

AMERICAN UNITED LIFE INSURANCE COMPANY, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE EIGHTH CIRCUIT

PETITION FOR CERTIORARI FILED MAY 20, 1941.

CERTIORARI GRANTED OCTOBER 13, 1941.

United States Circuit Court of Appeals

EIGHTH CIRCUIT.

No. 11,852

CIVIL.

AMERICAN UNITED LIFE INSURANCE COMPANY, JOHN G. EMERY, COMMISSIONER OF INSURANCE OF THE STATE OF MICHIGAN, AS PERMANENT LIQUIDATING RECEIVER OF THE AMERICAN LIFE INSURANCE COMPANY OF DETROIT, MICHIGAN, AND DAN E. LYDICK, RECEIVER OF THE AMERICAN LIFE INSURANCE COMPANY OF DETROIT, MICHIGAN, APPELLANTS,

vs.

CHARLES R. FISCHER, COMMISSIONER OF INSURANCE OF THE STATE OF IOWA, AS RECEIVER FOR THE AMERICAN LIFE INSURANCE COMPANY, APPELLEE.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF IOWA.

FILED SEPTEMBER 13, 1940.

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Pleas and proceedings in the United States Circuit Court of Appeals for the Eighth Circuit at the November Term, 1940, of said Court, before the Honorable John B. Sanborn, the Honorable Joseph W. Woodrough, and the Honorable Harvey M. Johnsen, Circuit Judges.

Attest: E. E. KOCH,
Clerk of the United States Circuit Court of Appeals for the Eighth Circuit.

(Seal)

Be it Remembered that heretofore, to-wit: on the thirteenth day of September, A. D. 1940, a transcript of record pursuant to an appeal taken from the District Court of the United States for the Southern District of Iowa, was filed in the office of the Clerk of the United States Circuit Court of Appeals for the Eighth Circuit, in a certain cause wherein the American United Life Insurance Company, et al., were Appellants and Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, was Appellee, which said transcript as prepared and printed under the rules of the United States Circuit Court of Appeals for the Eighth Circuit, under the supervision of its Clerk, is in the words and figures following, to-wit:

[fol. 1] Pleas and Proceedings before the Honorable Chas. A. Dewey, Judge of the District Court of the United States for the Southern District of Iowa, in a certain cause lately pending in the Central Division of said Court, wherein the American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, are Appellants, and Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, is Appellee.

Be It Remembered, That on the 2nd day of January, A. D. 1940, there was filed in the District Court of the United States for the Southern District of Iowa, Central Division, a Complaint in the case of Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff, vs. American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants, which case was numbered 65-Civil Action, Central Division, said complaint being in words and figures as follows:

[fol. 2] Complaint.

(Filed in U. S. District Court on January 2, 1940.)

In the District Court of the United States for the Southern District of Iowa, Central Division.

1—11,852

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

File No. 65. vs. Civil Action.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

To The Honorable Judge of Said Court:

1. Plaintiff is the duly appointed, acting and qualified Commissioner of Insurance of the State of Iowa, and Receiver of the American Life Insurance Company of Detroit, Michigan, by order and decree of the District Court of Polk County, Iowa, and is a citizen of the State of Iowa residing in Des Moines, Polk County, Iowa.

2. Defendant, American United Life Insurance Company is a corporation organized and existing under the laws of the State of Indiana with its principal place of business in Indianapolis, Marion County, Indiana, and is a citizen and resident of the State of Indiana, and is authorized and licensed to do business in the State of Iowa and is doing business in said State.

3. The defendant John G. Emery is the duly appointed, acting and qualified Commissioner of Insurance of the [fol. 3] State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, pursuant to the order and decree of the Circuit Court of Ingham County, Michigan, and is a citizen of the State of Michigan residing in Lansing, Ingham County, in said State.

4. The defendant Dan E. Lydick is the duly appointed, acting and qualified Receiver of the American Life Insurance Company of Detroit, Michigan, pursuant to the order and decree of the District Court of Tarrant County, Texas, 96th Judicial District, and is a citizen of the State of Texas residing in Fort Worth, Tarrant County, in said State.

5. The matter in controversy exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars.

6. The plaintiff brings this suit pursuant to the authority and direction of the District Court of Polk County, Iowa, the application and order filed and entered, being attached hereto marked Exhibits "A" and "B" and by this reference made a part hereof.

7. During the year 1921 and prior thereto, the American Life Insurance Company of Des Moines, Iowa, a corporation organized and existing under the laws of the State of Iowa with its principal place of business in Des Moines, Polk County, Iowa, was engaged in the business of writing contracts of life insurance. On August 24, 1921, the Des Moines Company entered into a written contract with the American Life Insurance Company of Detroit, Michigan, a Michigan corporation, whereby the Michigan Company reinsured all of the life insurance business of the [fol. 4] Des Moines Company as of July 30, 1921. To complete the transfer of the business, supplemental written contracts were entered into between said two companies, said agreements being dated respectively December 27, 1922 and October 24, 1923. True copies of each of said agreements, which were duly signed, executed, approved and delivered by the parties thereto, are attached hereto marked Exhibits "C", "D" and "E" and by this reference made a part hereof.

8. In compliance with the provisions of Chapter 398 of the Code of Iowa, 1935, which laws were in full force and effect in 1921, there were on deposit with the Insurance Commissioner of the State of Iowa, to cover the net cash value of the policies of the American Life Insurance Company of Des Moines as of August 24, 1921, securities of the face value of $2,930,840.71, as of December 27, 1922, securities of the face value of $3,241,420.00, and as of October 24, 1923, securities of the face value of $3,397,205.00.

9. On April 13, 1938, the Insurance Commissioner of the State of Michigan took possession of the American Life Insurance Company of Detroit as custodian and made application for the appointment of a receiver. This suit was contested and on June 7, 1938, the District Court of Ingham County, Michigan, entered an order appointing the Com-

missioner of Insurance of the State of Michigan as temporary receiver. A true copy of this order is hereto attached marked Exhibit "F" and by this reference made a part hereof. An appeal was taken from this order to the Supreme Court of Michigan where the decision of the trial court was affirmed and on the 16th day of September, 1939, the District Court of Ingham County entered an order appointing the Commissioner of Insurance of the State of [fol. 5] Michigan as permanent liquidating receiver of the American Life Insurance Company of Detroit, a true copy of this order being attached hereto marked Exhibit "G" and by this reference made a part hereof.

10. On the 17th day of June, 1938, the Attorney General of the State of Iowa made application to the District Court of Polk County, Iowa, for the appointment of a receiver and on the same date the Insurance Commissioner of the State of Iowa was appointed temporary Receiver of the American Life Insurance Company of Detroit, Michigan, a true copy of this order being attached hereto marked Exhibit "H" and by this reference made a part hereof. A trial was had upon the question of the appointment of a receiver and on the 30th day of October, 1939, the District Court of Polk County, Iowa, entered an order and decree and appointed Charles R. Fischer, Insurance Commissioner of the State of Iowa, as Receiver for the American Life Insurance Company of Detroit, Michigan, a true copy of this order being hereto attached marked Exhibit "I" and made a part hereof.

11. On the 28th day of August, 1938, in a suit entitled Thomas H. Miller vs. American Life Insurance Company, in the District Court of Tarrant County, Texas, 96th Judicial District, the Court entered an order appointing Dan E. Lydick Receiver of the American Life Insurance Company of Detroit, a true copy of this order is hereto attached marked Exhibit "J" and by this reference made a part hereof.

12. On the 17th day of November, 1939, the American United Life Insurance Company of Indianapolis, Indiana, and John G. Emery, Insurance Commissioner of the State [fol. 6] of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, entered

into a written agreement with the approval of the Circuit Court of Ingham County, Michigan, for the reinsurance of the business of the American Life Insurance Company of Detroit, Michigan, and said American United Life Insurance Company issued a certificate of assumption purporting to assume all of the insurance policies outstanding of the American Life Insurance Company of Detroit, Michigan. A true copy of the certificate of assumption and reinsurance agreement is hereto attached marked Exhibit "K" and by this reference made a part hereof.

13. According to the terms of the reinsurance agreements, Exhibits "C", "D" and "E", with the American Life Insurance Company of Des Moines, Iowa, and the deposit laws of the State of Iowa, the American Life Insurance Company of Detroit, Michigan, deposited with the Insurance Commissioner of the State of Iowa securities to cover the net cash value of the policies known as the Des Moines Company business and on June 17, 1938, there were on deposit with the Insurance Commissioner of the State of Iowa and at his office in Des Moines, Polk County, Iowa, securities of the face value of $3,603,419.25. The securities consisted of bonds, real estate mortgages securing promissory notes, real estate contracts, vendor lien notes secured by mortgages and trust deeds, and notes secured by policy reserves, being policy loans. A list of the securities in the possession of the Insurance Commissioner on said date is hereto attached marked Exhibit "L" and made a part hereof.

14. Plaintiff states that the defendant, American United Life Insurance Company, is claiming and asserting title and the right to possession of all of the deposited securities [fol. 7] and property described in Exhibit "L" and the income therefrom under the reinsurance agreement, Exhibit "K". This defendant has taken over the business and is collecting the premiums on the policies of insurance known as the Des Moines Company business and is collecting and retaining the income from a part of said securities, being principally the securities where the indebtedness is a lien against properties located in the State of Michigan and the debtors reside in the State of Michigan. Said defendant has refused to remit the premiums or income collected or to account therefor to plaintiff, and, unless restrained or en-

joined, will continue so to do and prevent plaintiff from conducting the business of his receivership.

15. Plaintiff further alleges that defendant John G. Emery, Insurance Commissioner of the State of Michigan as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, is claiming and asserting title and the right to possession of all of the securities and property described in Exhibit "L" and is collecting and retaining the premiums on the insurance policies known as the Des Moines Company business and is collecting and retaining the income from the securities, being principally the securities where the indebtedness is a lien against properties located in the State of Michigan and the debtors reside in the State of Michigan. Said defendant has refused to remit the premiums or income collected or to account therefor to plaintiff.

16. Plaintiff further alleges that defendant Dan E. Lydick, Receiver for the American Life Insurance Company in Texas, is claiming and asserting title and the right to possession of a part of the securities described in Ex-
[fol. 8] hibit "L" and is collecting and retaining the income from said securities, being the securities where the indebtedness is a lien against properties located in the State of Texas and the debtors reside in the State of Texas. Said defendant has refused to remit the income obtained from said debtors and has collected and is retaining a sum of money in excess of $40,000.00.

17. Plaintiff alleges that on June 17, 1938, the Insurance Commissioner of Iowa as temporary receiver for the American Life Insurance Company, took possession of all of the securities on deposit with the Insurance Commissioner of Iowa, described in Exhibit "L", and was on said date and now is in possession of all of said securities, and the original documents evidencing the indebtedness of each of said securities, and during all of said time said securities and original documents have been in the possession, custody and control of the Insurance Commissioner of Iowa as Receiver in Des Moines, Polk County, Iowa. Plaintiff alleges that said securities described in Exhibit "L" have been in the physical and manual possession of the Insurance Commissioner of Iowa as Receiver, and at

all times mentioned herein the actual physical situs as well as the legal situs of said securities has been in Des Moines, Polk County, Iowa.

Plaintiff further alleges that in accordance with the provisions of Section 8663 of the Code of Iowa, 1935, the securities on deposit vested in the State of Iowa for the benefit of the policies on which such deposits were made and that the plaintiff has the right and duty to administer upon said securities to the end that the proceeds, subject to the order of the District Court of Polk County, Iowa, may be divided [fol. 9] among the holders of the policies known as the Des Moines Company business or be applied for the purchase of reinsurance for their benefit.

Plaintiff further alleges that in accordance with the provisions of Section 8665 of the Code of Iowa, 1935, it is his exclusive right and duty to collect the income from said securities.

Plaintiff further alleges that he is entitled to the premium income collected on the policies included in the Des Moines Company business.

18. Plaintiff states that the defendants, American United Life Insurance Company and John G. Emery, Insurance Commissioner of the State of Michigan as Permanent Liquidating Receiver, are in the possession of the cards, books and records relating to the policies known as the Des Moines Company business and that it is necessary for plaintiff, in order to conduct the business or collect the premiums on said business, to have delivered to him said books and records. That said defendants refuse to turn over to plaintiff said books and records and will continue so to do unless required so to do by mandatory order of this Court. Without such records plaintiff is prevented from conducting the business of his receivership.

19. Plaintiff states that he has no plain, speedy or adequate remedy at law.

Wherefore, plaintiff prays that a decree be entered and rendered as follows:

1. That under and by virtue of the statutes and laws of the State of Iowa title to the securities and property de-

[fol. 10] scribed in Exhibit "L" vested in the State of Iowa as of June 17, 1938.

2. That the Insurance Commissioner of Iowa as Temporary Receiver and Receiver had actual, manual and physical possession of the securities and property described in Exhibit "L" in Des Moines, Polk County, Iowa, as of June 17, 1938, and during all of the time since said date.

3. That the defendants and each of them have not been and are not now in possession of the securities and property described in Exhibit "L", nor are they entitled to administer upon said securities or property for the purpose of liquidation or reinsurance, or to collect and retain the income therefrom.

4. That the legal situs of the securities and property described in Exhibit "L" was as of June 17, 1938, and during all of the time since said date has been in Des Moines, Polk County, Iowa.

5. That the Insurance Commissioner of Iowa as Receiver, under and by virtue of the statutes and laws of the State of Iowa, is entitled to the income from the securities and property described in Exhibit "L" from June 17, 1938.

6. That the Insurance Commissioner of Iowa as Receiver, under and by virtue of the statutes and laws of the State of Iowa, is entitled to administer the securities and property and the income therefrom for the benefit of the policies known as the Des Moines Company business and the proceeds from said securities and property shall, upon order of the District Court of Polk County, Iowa, be divided among the holders of the policies included in the Des [fol. 11] Moines Company business or applied to the purchase of reinsurance for the benefit of said policyholders.

7. That the Insurance Commissioner of Iowa as Receiver is entitled to the premiums collected on the Des Moines Company business from June 17, 1938.

8. That the securities and property described in Exhibit "L" shall be administered by the Commissioner of Insurance of the State of Iowa as Receiver, under and by virtue of the statutes and laws of the State of Iowa, for the exclusive benefit of the policyholders included in what is

known as the Des Moines Company business, upon the direction and order of the District Court of Polk County, Iowa.

9. That the defendant, American United Life Insurance Company, be ordered and directed to forthwith deliver to the Insurance Commissioner of Iowa as Receiver, the cards, books and records pertaining to the policies and policyholders known as the Des Moines Company business.

10. That the defendant, American United Life Insurance Company be restrained and enjoined from collecting the income from any of the securities described in Exhibit "L" and from the collection of premiums from the policyholders known as the Des Moines Company business, and that said defendant be required to account for all income and premiums collected on said securities and properties and from said policyholders.

11. That the defendant, John G. Emery, Insurance Commissioner of the State of Michigan as Permanent Liquidating Receiver of American Life Insurance Company of Detroit, Michigan, be restrained and enjoined from collecting [fol. 12] the income from any of the securities and property described in Exhibit "L" and from the collection of premiums from the policyholders known as the Des Moines Company business, and that said defendant be required to account for all income and premiums collected on said securities and proper' 's and from said policyholders.

12. That the plaintiff have such other and further relief as may be just and equitable in the premises.

WILLIS J. O'BRIEN,
819 Southern Surety Building,
Des Moines, Iowa.

HUGHES, O'BRIEN & HUGHES,
Attorneys for Plaintiff.

[fol. 13] (Note on Exhibits Attached to Complaint.)

Exhibit A. Application to District Court of Polk County, Iowa, printed in the following record as Exhibit T.

Exhibit B. Order of District Court of Polk County, Iowa, printed in the following record as Exhibit U.

Exhibit C. Reinsurance agreement between American Life of Des Moines and American Life of Detroit, printed in the following record as Exhibit A.

Exhibit D. Supplemental reinsurance agreement between the same parties, printed in the following record as Exhibit B.

Exhibit E. Second supplemental reinsurance agreement between the same parties printed in the following record as Exhibit C.

Exhibit F. Order appointing Michigan temporary receiver, printed in the following record as Exhibit I.

Exhibit G. Order appointing permanent receiver in Michigan, printed in the following record as Exhibit J.

Exhibit H. Order appointing temporary Iowa receiver, printed in the following record as Exhibit M.

Exhibit I. Order appointing permanent Iowa receiver, printed in the following record as Exhibit N.

Exhibit J. Order appointing Texas receiver, printed in the following record as Exhibit K.

Exhibit K. Reinsurance agreement and certificate of assumption by American United Life Insurance Company, printed in the following record as Exhibit P.

Exhibit L. List of securities on deposit with Iowa Commissioner of Insurance printed in the following record as Exhibit R.

[fol. 14] (Stipulation as to Service of Summons on each Defendant.)

Filed in U. S. District Court, September 6, 1940.

It is hereby stipulated by and between the attorneys for the parties that, pursuant to order and direction of this Court, service of Summons in this cause was made upon each of the defendants by registered mail and return of proof of service filed in the office of the Clerk of this Court. Service was so made upon the Michigan Receiver at Lansing, Michigan, upon the Texas Receiver at Fort Worth, Texas and upon the American United Life Insurance Company at Indianapolis, Indiana.

Service of Summons in this cause on defendant American United Life Insurance Company was made by the United States Marshal upon the Insurance Commissioner of the State of Iowa designated Process Agent by said Company and return of proof of service filed in the office of the Clerk of this Court.

ROBERT A. ADAMS,
AARON T. JAHR,
Attorneys for Appellant American United Life Insurance Company.

[fol. 15]

B. E. GODFREY,
JNO. M. SCOTT, JR.,
Attorneys for Appellant Dan E. Lydick, Texas Receiver.

CLAYTON F. JENNINGS,
Attorney for Appellant John G. Emery, Permanent Liquidating Receiver.

WILLIS J. O'BRIEN,
Attorney for Appellee, Charles R. Fischer, Receiver.

PHINEAS M. HENRY,
Attorney for All Appellants.

[fol. 16] (Order Extending Time for Appearance of Defendants.)

Filed in U. S. District Court, January 22, 1940.

Now, on this 22nd day of January, 1940, the above matter coming on before the Court upon oral application for an enlargement of the period for appearing eit[illegible] generally or specially and for pleading in this cause, and the Court, being fully advised in the premises, finds [illegible] said application should be granted and that the plai[illegible] has consented to the same;

It Is Therefore Ordered that the period within which the defendants are required to appear either generally or specially and to plead be and it is hereby enlarged to expire on the 20th day of February, 1940, and the defend-

ants shall not be required to enter their appearance in this cause prior to said date and on said date they may enter their appearance, either general or special, and may file their answer or file their special appearance attacking the jurisdiction of the Court at that time; any provision to [fol. 17] the contrary in the original order of Court for service of Summons and in the original Summons is hereby modified.

CHAS. A. DEWEY,
Judge of the United States
District Court.

[fol. 18] (Special Appearance and Motion to Dismiss of Defendant John G. Emery, Commissioner, etc.)

Filed in U. S. District Court, February 20, 1940.

Now comes John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan, and appearing specially for the sole purpose of protesting against the jurisdiction of the Court, and only for the purpose of this motion, and not otherwise, respectfully alleges and shows to the Court as follows:

1. This defendant is the successor in office of Charles E. Gauss, who was appointed Temporary Receiver of the American Life Insurance Company of Detroit, Michigan, on June 7, 1938, in the case of Charles E. Gauss, Commissioner of Insurance of the State of Michigan vs. American Life Insurance Company, No. 19256, in the Circuit Court for the County of Ingham in Chancery, State of Michigan, said cause being instituted on April 12, 1938; that on September 17, 1939, this defendant was appointed Permanent Liquidating Receiver of the American Life Insurance [fol. 19] Company of Detroit by an order of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, entered and filed in said cause; that this defendant is a citizen, inhabitant and resident of the State of Michigan, and not of the State of Iowa, nor has he any representatives or employes within the State of Iowa upon whom service of process is authorized, but, that, nevertheless, this defendant was served in the State of Michigan

with a non-resident notice issuing out of this Court and an employe of this defendant resident in the State of Iowa was served with like process, said process not purporting to be served pursuant to any statute of the State of Iowa, any Federal statute, or pursuant to Federal rules of procedure. Therefore, this defendant alleges that no jurisdiction over him or over the American Life Insurance Company was acquired by the issuance and service of such substituted process upon him or his employes.

2. That the situs of the property referred to in the plaintiff's bill of complaint, and because of which jurisdiction is asserted, is not within the State of Iowa.

3. That under an order of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, all actions of every kind and nature against this defendant or the assets of the American Life Insurance Company are prohibited without the consent of the Circuit Court for the County of Ingham, State of Michigan, in Chancery; that pursuant to the provisions of judicial comity such injunction and restraining order must be recognized by this Court; that this proceeding is in contempt of said order and as such, any process issued in said proceeding is null, void and of no effect.

4. That the plaintiff is receiver of certain assets of the American Life Insurance Company pursuant to an order by State Court of the State of Iowa, which receivership is in its nature ancillary and subordinate to the receivership pending in the State of Michigan.

[fol. 20] 5. That the properties referred to in the complaint were deposited with the Insurance Commissioner of the State of Iowa for the protection of Iowa citizens so that they might enforce their rights against the American Life Insurance Company when it was doing business as an insurance corporation, and to insure them equal protection with all other creditors of the company in the event of insolvency; that said policyholders and creditors of the American Life Insurance Company, a cestuis que trust, are bound by the decrees of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, by virtue of having submitted to the treatment ordered given to them by proper decrees of said Court.

6. That the policyholders whom the plaintiff purports to represent are in fact represented by this defendant, and said policyholders, in absence of fraud, and none is alleged in the complaint, are barred from attacking the decrees of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, or from asserting any action against this defendant in any court other than the Circuit Court for the County of Ingham, State of Michigan, in Chancery.

7. That any action involving the title or possession to the properties enumerated in the complaint must be instituted in the Circuit Court for the County of Ingham, State of Michigan, in Chancery, and that any attempt in this action to assert such title or possession is void and of no effect.

8. That the policyholders of the American Life Insurance Company whom the plaintiff claims to represent are residents of forty different states and several foreign countries, and only a small percentage of such policyholders, much less than the majority, reside in the State of Iowa; that the authority of the plaintiff to represent policyholders of the American Life Insurance Company is restricted to those policyholders who are residents of the State of Iowa and no others.

[fol. 21] 9. The purpose of the complaint filed in this cause is to obtain illegal possession and title to property, the title to which is in the defendants to this cause, and said defendants are legally entitled to the possession thereof. Therefore, the plaintiff can not of right in this court attempt to assert any right to title or possession.

10. The complaint filed in this cause proposes to obtain for certain policyholders in the American Life Insurance Company a preference over all other policyholders and creditors of said company, whereas, the only right that the plaintiff is entitled to assert in this Court is that the policyholders who are citizens of the State of Iowa shall share pro rata in the assets of the American Life Insurance Company, and the properties referred to in the complaint are for the purpoee of assuring said policyholders that they are treated equally with all other policyholders and creditors of the American Life Insurance Company.

11. That on November 19, 1939, all policyholders of the American Life Insurance Company were re-insured in the defendant American United Life Insurance Company, to which contract the policyholders [—] the plaintiff purports to represent have assented, and by so doing have voluntarily submitted themselves to the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, thereby barring the plaintiff from asserting right of possession or title to any of the property enumerated in his complaint; that the title and right of possession to said property is now in the American United Life Insurance Company, subject only to such restrictions and reservations as have been made by the Circuit Court for the County of Ingham, State of Michigan, in Chancery, and said property, under the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, through its orders duly issued to this defendant, must be managed and administered for the benefit of all the policyholders and all the creditors of the American Life Insurance Company wherever situated.

[fol. 22] 12. That the contract relied upon by the plaintiff in his complaint was entered into without right or authority by those purporting to enter into said contract and is null, void and of no effect.

13. Wherefore, this defendant respectfully prays that this cause be dismissed insofar as it relates to this defendant and to the securities and properties referred to it in the plaintiff's complaint, and that this Honorable Court make and enter proper and suitable order that no jurisdiction was acquired over the person of this defendant or over the securities and properties referred to in the complaint.

CLAYTON F. JENNINGS,
PHINEAS M. HENRY,
Attorneys for Defendant John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

Motion to Dismiss For Failure to State a Claim Upon Which Relief Can Be Granted.

Now comes John G. Emery, Commissioner of Insurance of the State of Michigan and domiciliary receiver of the American Life Insurance Company of Detroit, Michigan, and not waiving the attached and foregoing motion, but still insisting thereon, and protesting against the jurisdiction over the person of this defendant and of the securities and properties mentioned in the complaint, and respectfully moves the Court to enter an order dismissing the complaint of the plaintiff filed against him herein because the same fails to state a claim against this defendant upon which relief can be granted.

Wherefore, this defendant prays that an order be entered dismissing said cause and petition for the reasons stated above.

CLAYTON F. JENNINGS,
PHINEAS M. HENRY,
Attorneys for Defendant John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

[fol. 23] (Special Appearance and Motion to Dismiss of Defendant, Dan E. Lydick, Receiver, etc.)

Filed in U. S. District Court, February 20, 1940.

Now comes Dan E. Lydick, Receiver of American Life Insurance Company in Texas, and appearing specially herein for the sole and only purpose of this action, protesting and questioning the jurisdiction of this Court over the person of this defendant and the subject matter of this action, and not otherwise appearing, with respect moves the Court to dismiss the complaint for the following reasons, and each of them:

1.

The action sought to be maintained by plaintiff is not a suit to enforce any legal or equitable lien upon or claim to, or to remove any incumbrance or lien or cloud upon

the title to real or personal property within the territorial limits of the State of Iowa, but is an action of an in personam nature as against this nonresident defendant, and no service of process has been had upon the person of this defendant within the territorial limits of the State of Iowa. Accordingly, this Court lacks jurisdiction over the [fol. 24] person of this defendant or power to further determine the matters and things set forth in the complaint.

2.

Because this defendant is not a citizen or inhabitant of the State of Iowa, but on the contrary, as alleged in paragraph 4 of the complaint, is a citizen and resident of Fort Worth, Tarrant County, Texas; that no character of process or service has been had upon this defendant within the territorial limits of the State of Iowa, nor has this defendant waived service or entered his appearance in this action; that by paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 of the prayer contained in the complaint, plaintiff seeks a declaratory judgment against this defendant; that the declaratory judgment and relief so sought is in personam as against this defendant, and that the Court, accordingly, lacks jurisdiction over the person of this defendant.

3.

Because this defendant is not a citizen or inhabitant of the State of Iowa, but on the contrary, as alleged in paragraph 4 of the complaint, defendant is a citizen and resident of Fort Worth, Tarrant County, Texas; that this defendant was served with process by mail in this action, at Fort Worth, Tarrant County, Texas; that no character of process or service has been had upon this defendant within the territorial limits of the State of Iowa, nor has this defendant waived service or entered his appearance in this action; that by paragraphs 5 and 7 of the prayer contained in the complaint plaintiff seeks a personal money judgment against this defendant; that the personal money judgment so sought is in personam as against this defendant and that the Court, accordingly lacks jurisdiction over the person of this defendant.

[fol. 25] 4.

Because the action sought to be maintained by plaintiff is not one within the provisions of the Judicial Code, Section 57 (28 U. S. C. A. Sec. 118), and, accordingly, under the provisions of the Judicial Code, Section 51, as amended (28 U. S. C. A. Sec. 112), plaintiff is not entitled to maintain this action in the State of Iowa as against the objection, here made, of this nonresident defendant.

5.

That this defendant as Receiver under lawful appointment of the 96th Judicial District Court of Tarrant County, Texas, is immune to suit of the character here brought by plaintiff in the State of Iowa, in that the action here sought to be brought by plaintiff is an attempt to limit, control and encroach upon the exclusive jurisdiction of the 96th Judicial District Court of Tarrant County, Texas.

6.

Defendant alleges that the alleged physical and manual possession of the securities described in Exhibit "L" of plaintiff's complaint was acquired by the Insurance Commissioner of the State of Iowa as assignee under the provisions of the contracts constituting Exhibits "C", "D" and "E" of plaintiff's complaint; that insofar as the Insurance Commissioner of Iowa obtained any right, title or interest in and to the securities so deposited, no part of the right, title or interest of the Insurance Commissioner of Iowa acquired under such deposit agreement passed to or was acquired by Charles R. Fischer under his authority as Receiver of the American Life Insurance Company; that insofar as this action is asserted by the Insurance Commissioner of Iowa, or is based on any rights obtained by the Insurance Commissioner of Iowa under such deposit agreement, the Insurance Commissioner of Iowa has no greater [fol. 26] capacity or authority, under the provisions of Judicial Code, Section 24(1); 28 U. S. C. A. Sec. 41(1), to maintain this action than did his immediate transferor and assignor, the American Life Insurance Company, a Michigan corporation, a resident and citizen of the State of Michigan; that one of the defendants herein is John G. Emery, who, under the allegations of paragraph 3 of the

complaint, is a resident and citizen of the State of Michigan; the American Life Insurance Company, a citizen and resident of the State of Michigan, could not have maintained this action in the Federal Court as against the said John G. Emery by reason of the lack of prerequisite diversity of citizenship; that under the provisions of Judicial Code, Section 24(1), Charles R. Fischer, as assignee and transferee of American Life Insurance Company, is subject to the same disability.

7.

Defendant would show to the Court that under proper orders of the 96th Judicial District Court of Tarrant County, Texas, this defendant was appointed Receiver of American Life Insurance Company and its subsidiaries, the Mestenas Company, the Delta Haven Company, the Hargill Company, the Rayman Company, the Willamar Company and the Raphael Company, the order of appointment having been entered on or about July 31, 1938; that all of the subsidiary corporations referred to were organized under and by virtue of the laws of the State of Texas, and that subsequently, under proper order of the said District Court of Tarrant County, Texas, such companies as of the 2nd day of August, 1938, were dissolved. All assets of the named subsidiary companies, by reason of such proceedings, were and are now subject to the control and custody of this defendant as Receiver; that the securities of which the Commissioner of Insurance of the State of Iowa has alleged physical and manual possession, itemized on page [fol. 27] 14 of Exhibit "L" of plaintiff's complaint, constituted vendor's lien notes executed by the wholly owned subsidiary corporations of American Life Insurance Company, named aforesaid, as makers, all of such notes being payable to American Life Insurance Company as payee, and aggregating the principal amount of Eight Hundred Sixty-two Thousand, Eight Hundred Eleven and 31/100 Dollars ($832,811.31); that such notes, and each of them, were executed as evidence of the purchase money obligation on the part of the wholly owned subsidiary corporations for the purchase of certain lands from American Life Insurance Company, the tracts of land referred to being situated in Willacy and Hidalgo Counties, Texas; that payment of such notes was further secured by mortgages and deeds of

trust executed by the subsidiary corporations as mortgagors in favor of American Life Insurance Company, as mortgagee, and covering the lands so purchased.

That immediately after this defendant's appointment as Receiver of American Life Insurance Company, including the property of the named subsidiary corporation, this defendant entered into the possession of the real estate constituting the security for the payment of the promissory notes referred to above and since such time has had continuous possession and custody of such lands. In addition thereto defendant would show to the Court that immediately following his appointment as Receiver he took possession of the assets described in paragraph 16 of plaintiff's complaint; that the possession and control of such assets, of which this defendant assumed custody and possession, was acquired long prior to the entry of the order appointing the plaintiff in this action Receiver for American Life Insurance Company; that by reason of the matters hereinabove more particularly set forth, the 96th Judicial District Court of Tarrant County, Texas, acquired sole and exclusive jurisdiction to hear and determine all questions respecting title, possession, control, lienable debts and [fol. 28] other issues affecting or concerning the assets of which this defendant as Receiver took possession; that as a result of the matters hereinabove set forth this Court lacks jurisdiction to consider or determine the issues submitted in plaintiff's complaint.

8.

Because the complaint of plaintiff as against Dan E. Lydick, Receiver, fails to state a claim against this defendant upon which relief can be granted.

9.

This defendant would respectfully show that on July 31, 1938, pursuant to the proceedings had in Cause No. 21854-A, Styled Thomas H. Miller, et al. vs. American Life Insurance Company, in the District Court of Tarrant County, Texas, 96th Judicial District, which proceedings were commenced by the original petition of Thomas H. Miller filed in said Court on the 29th day of May, A. D. 1938, this defendant was appointed Receiver of American Life Insurance Company in Texas, and ordered to take possession of

all property and collect all sums of money due the American Life Insurance Company under and by virtue of any character of claim or demand, including promissory notes due from citizens of Texas, and secured by liens upon lands located in Texas. Immediately upon the appointment of this defendant as Receiver, this defendant complied with all of the requirements of the law governing his appointment and qualification as such Receiver, and took possession of all and sundry the obligations, claims, demands and assets of any kind or character due to American Life Insurance Company in Texas. Among the properties and assets taken into the custody of this defendant as Receiver are all of the indebtednesses consisting of 86 mortgage loans, shown on page 2 of Exhibit "L" of the complaint, and more particularly shown on pages 8 to 13, inclusive, of [fol. 29] Exhibit "L" of the complaint. Such debts represent moneys due on promissory notes executed by citizens of Texas, payable to American Life Insurance Company, secured by mortgages on lands located in Texas. This Receiver has likewise taken possession of 7,324.88 acres of land securing purported notes due from wholly owned Texas subsidiary corporations to American Life Insurance Company, and described more particularly on page 14 of Exhibit "L" of the complaint. The possession of this Receiver of the obligations referred to was taken pursuant to the order of appointment of this Receiver, and is in law the possession of the 96th District Court of Tarrant County, Texas. Since the date of the appointment of this defendant as Receiver, all of the obligations aforesaid have been subject to the active management, control and administration of this Receiver, including the collection of payments on debts, the foreclosure of liens securing such debts, the sale of property so seized and the general care, preservation and administration of such property and assets according to the law and the direction of the said court of appointment of this Receiver. On the 28th day of October, 1939, the said Honorable 96th District Court of Tarrant County, Texas, issued its process to the plaintiff in this cause, and to John G. Emery, Commissioner of Insurance of the State of Michigan, and Permanent Liquidating Receiver of American Life Insurance Company, directing such parties to appear before it and assert whatever character of interest or claim such parties had in and to the proper-

ties in the custody of this defendant Dan E. Lydick, Receiver, which order was entered long prior to the institution of this action. The proceedings had pursuant to the said order of the 96th District Court of Tarrant County, Texas, were upon the petition of plaintiff in this cause and John G. Emery in his capacity aforesaid, removed to the Honor- [fol. 30] able United States District Court for the Northern District of Texas, at Fort Worth, and docketed as Civil Action No. 151, styled "Dan E. Lydick, Receiver vs. John G. Emery, et al.," and such proceedings are now pending before the said United States District Court. In such case, the said John G. Emery in his capacity as aforesaid, has by proper pleading on file therein, asserted a cross-claim and demand against the plaintiff in this cause and against this defendant, which said cross-claim and demand involves the identical securities and requires the adjudication of all of the rights, claims and interests in any way asserted by the plaintiff in this case, as against the said John G. Emery, Receiver, and this defendant Dan E. Lydick, Receiver. The determination of the issues presented by the proceedings now pending in the United States District Court for the Northern District of Texas will conclude, determine and fix the rights of all parties to the proceeding pending in this Honorable Court, in and to all of the claims, demands, and securities asserted and involved in this proceeding. The said Honorable 96th District Court of Tarrant County, Texas, and the United States District Court for the Northern District of Texas have exclusive jurisdiction to determine and adjudicate the rights of all parties to this case in and to lands located in Texas, and in the custody of this Receiver, and such rights in lands located in Texas are not transitory, but are local in nature and cannot be adjudicated in or affected by the judgment of this Honorable Court in the proceedings had here. In such action pending in the United States District Court for the Northern District of Texas a complete, exclusive and valid adjudication of all of such rights can be had and by virtue of the facts set forth in the complaint of plaintiff in this cause, and of this pleading, such complete, exclusive and valid determination of all of the rights and issues cannot be had in this [fol. 31] proceeding.

The prosecution of the action pending in this Honorable Court will require an unjustifiable expense to the estate of

American Life Insurance Company, for whom all parties act in fiduciary capacities and may result in an unseemly conflict between this Honorable United States District Court and the United States District Court for the Northern District of Texas.

Accordingly, and by reason of the premises, this defendant prays that this Honorable Court, as a matter of comity, and in justice to all the parties to this proceeding in all things abate and stay the present action pending a final determination in Texas of the rights and issues between the parties.

Wherefore, premises considered, this defendant respectfully prays that this cause be dismissed insofar as it relates to this defendant and to the securities and property referred to in plaintiff's complaint.

In the alternative this defendant prays that this action be abated pending the final determination of the Texas action in which this defendant was appointed as Receiver, bearing the style of Thomas H. Miller, et al. vs. American Life Insurance Company, in the District Court of Tarrant County, Texas, 96th Judicial District, No. 21854-A.

P. M. HENRY,
HENRY & HENRY,
JOHN M. SCOTT,
McGOWN, McGOWN, GODFREY & LOGAN,
Attorneys for Defendant, Dan E. Lydick, Receiver, American Life Insurance Company, in Texas.

Phineas M. Henry,
Henry & Henry,
Equitable Life Bldg.,
Des Moines, Iowa.

John M. Scott,
McGown, McGown, Godfrey & Logan,
Petroleum Building,
Fort Worth, Texas.

[fol. 32] (Special Appearance and Motion to Dismiss of Defendant, American United Life Insurance Company.)

(Filed in U. S. District Court February 20, 1940.)

Now comes American United Life Insurance Company, and appearing specially for the sole purpose of protesting against the jurisdiction of the Court, and only for the purpose of this motion, and not otherwise, respectfully alleges and shows to the Court as follows:

1. That on November 29, 1939, the defendant American United Life Insurance Company by contract with the defendant John G. Emery, Permanent Liquidating Receiver of the American Life Insurance Company reinsured the insurance business of the American Life Insurance Company by which contract all policyholders of the American Life Insurance Company were reinsured in the defendant American United Life Insurance Company, to which contract the policyholders the plaintiff purports to represent have assented, and by so doing have voluntarily submitted themselves to the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, thereby barring the plaintiff from asserting right of possession or title to any of the property enumerated in his complaint; that the title and right of possession to said property is now in the American United Life Insurance Company, subject only to such restrictions and reservations as have been made by the Circuit Court for the County of Ingham, State of Michigan, in Chancery, and said property, under the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, through its orders duly issued to this defendant, must be managed and administered for the benefit of all the policyholders and all the creditors [fol. 33] of the American Life Insurance Company wherever situated, all as shown by said reinsurance agreement.

2. That the situs of the property referred to in the plaintiff's bill of complaint, and because of which jurisdiction is asserted, is not within the State of Iowa.

3. That the defendant American United Life Insurance Company has acquired and holds title only by and through the Permanent Liquidating Receiver of the American Life

Insurance Company, and that under an order of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, all actions of every kind and nature against this defendant or the assets of the American Life Insurance Company are prohibited without the consent of the Circuit Court for the County of Ingham, State of Michigan, in Chancery; that pursuant to the provisions of judicial comity such injunction and restraining order must be recognized by this Court; that this proceeding is in contempt of said order and as such, any process issued in said proceeding is null, void and of no effect.

4. That the plaintiff is receiver of certain assets of the American Life Insurance Company pursuant to an order by State Court of the State of Iowa, which receivership is in its nature ancillary and subordinate to the receivership pending in the State of Michigan.

5. That the properties referred to in the complaint were deposited with the Insurance Commissioner of the State of Iowa for the protection of Iowa citizens so that they might enforce their rights against the American Life Insurance Company when it was doing business as an insurance corporation, and to insure them equal protection with all other creditors of the company in the event of insolvency; that said policyholders and creditors of the American Life Insurance Company, as cestuis que trust, are bound by the decrees of the Circuit Court for the County of Ingham, State of Michigan, in Chancery, by virtue of having submitted to the treatment ordered given to them by proper decrees of said Court.

6. That the policyholders whom the plaintiff purports to represent are in fact represented by the defendant John G. Emery as Permanent Liquidating Receiver of the American Life Insurance Company, and said policyholders, in absence of fraud, and none is alleged in the complaint, are barred from attacking the decrees of the Circuit Court for the County of Ingham, State of Michigan, in [fol. 34] Chancery, or from asserting any action against said receiver or this defendant as reinsurer under contract with said receiver approved by the Circuit Court for the County of Ingham, State of Michigan, in any court other than the Circuit Court for the County of Ingham, State of Michigan, in Chancery.

7. That any action involving the title or possession to the properties enumerated in the complaint must be instituted in the Circuit Court for the County of Ingham, State of Michigan, in Chancery, and that any attempt in this action to assert such title or possession is void and of no effect.

8. That the policyholders of the American Life Insurance Company whom the plaintiff claims to represent are residents of forty different states and several foreign countries, and only a small percentage of such policyholders, much less than the majority, reside in the State of Iowa; that the authority of the plaintiff to represent policyholders of the American Life Insurance Company is restricted to those policyholders who are residents of the State of Iowa and no others.

9. The purpose of the complaint filed in this cause is to obtain illegal possession and title to property, the title to which is in the defendants to this cause, and said defendants are legally entitled to the possession thereof. Therefore, the plaintiff cannot of right in this court attempt to assert any right to title or possession.

10. The complaint filed in this cause proposes to obtain for certain policyholders in the American Life Insurance Company a preference over all other policyholders and creditors of said company, whereas, the only right that the plaintiff is entitled to assert in this court is that the policyholders who are citizens of the State of Iowa shall share pro rata in the assets of the American Life Insurance Company, and the properties referred to in the complaint are for the purpose of assuring said policyholders that they are treated equally with all other policyholders and creditors of the American Life Insurance Company.

Wherefore, this defendant respectfully prays that this cause be dismissed in so far as it relates to this defendant and to the securities and properties referred to in the plaintiff's complaint, and that this Honorable Court make and enter proper and suitable order that no jurisdiction was [fol. 35] acquired over this defendant in so far as said reinsurance agreement as to the business of the American

Life Insurance Company is concerned or over the securities and properties referred to in the complaint.

ROBERT A. ADAMS,
PHINEAS M. HENRY,
Attorneys for Defendant American United Life Insurance Company.

Motion to Dismiss for Failure to State a Claim Upon Which Relief Can Be Granted.

Now comes American United Life Insurance Company, and not waiving the attached and foregoing motion, but still insisting thereon, and protesting against the jurisdiction over the defendant and of the securities and properties mentioned in the complaint, and respectfully moves the court to enter an order dismissing the complaint of the plaintiff herein because the same fails to state a claim against this defendant upon which relief can be granted.

Wherefore, this defendant prays that an order be entered dismissing said cause and petition for the reasons stated above.

ROBERT A. ADAMS,
Indianapolis, Indiana.
PHINEAS M. HENRY,
Attorneys for Defendant American United Life Insurance Company.

[fol. 36] Order Overruling Special Appearances and Motions to Dismiss.

Entered in U. S. District Court March 25, 1940.

The above entitled action coming on for hearing in open court at Des Moines, Iowa, upon a special appearance and motion to dismiss filed by the defendant, American United Life Insurance Company, the special appearance and motion to dismiss filed by John G. Emery, Commissioner of Insurance of the State of Michigan and domiciliary receiver of The American Life Insurance Company of Detroit, Michigan, and the special appearance and motion to dismiss filed by Dan E. Lydick, receiver of the American Life Insurance Company of Texas, and having been argued and

submitted, the special appearances and motions to dismiss are overruled but without prejudice to raise the same questions by answer, if defendants care to do so, to attack the jurisdictional questions. Defendants except. The defendants are given thirty days to further plead.

[fol. 37] (Order Overruling Motion to Dismiss and Plea of Abatement of Dan E. Lydick, Receiver.)

Filed in U. S. District Court, June 24, 1940.

On this 25th day of March, 1940, came on to be heard the motion of Dan E. Lydick, Receiver, one of the defendants herein, to dismiss this case on the ground of lack of jurisdiction of the Court, and the plea of abatement filed herein by Dan E. Lydick, Receiver, and the Court, after hearing such motion and evidence offered in support thereof, finds that it should be denied. It is, therefore,

Ordered,

That the motion to dismiss filed herein by Dan E. Lydick, Receiver, and the plea in abatement filed herein by Dan E. Lydick, Receiver, be and the same is hereby in all things overruled and denied. To which ruling and order of the Court, the defendant Dan E. Lydick, Receiver, then and there in open Court excepted.

CHAS. A. DEWEY,
Judge.

[fol. 38] Transcript of Testimony Taken at Preliminary Hearing.

Filed in U. S. District Court, September 11, 1940.

Case called for trial before Hon. Charles A. Dewey, Judge, on March 25, 1940, on special appearance and motion of defendants to dismiss plaintiff's petition for failure to state a claim upon which relief can be granted.

Reported by

VERNON L. GRANT,
Certified Shorthand Reporter,
417 Court House,
Des Moines, Iowa.

Transcript fee $.....

[fol. 40] Monday, March 25, 1940.

Morning Session, 10:00 o'clock.

Opening Statement on behalf of John G. Emery, Receiver for Michigan, made by Mr. Clayton F. Jennings.

Opening Statement on behalf of the Iowa Receiver by Mr. Phineas M. Henry.

Opening Statement on behalf of the plaintiff by Mr. Willis O'Brien.

Mr. McGown: If the court please, we should like first to introduce in evidence a transcript of certain of the proceedings in the case of Thomas H. Miller, et al, vs. American Life Insurance Company, in the District Court of Tarrant County, Texas, 96 Judicial District, filed as a transcript in the removal proceedings and now presently filed as such transcript in Civil Action No. 151, Dan E. Lydick vs. John G. Emery, pending in the United States District Court for the Northern District of Texas at Fort Worth, and I think, if I may, Mr. O'Brien, I will simply state our stipulation for the purpose of the record with respect to this particular document.

[fol. 41] It has been stipulated that this particular transcript being a part of the court papers in the proceedings pending in the United States District Court for the Northern District of Texas may be offered in evidence here, and withdrawn to be returned to the United States District Court, Northern District of Texas, and that exact copies of this transcript may be substituted in lieu of this original which is presently to be offered. Is that correct, Mr. O'Brien?

Mr. O'Brien: That stipulation is O. K., but I did reserve the right to object to the offer for the reason that—and it is now so objected to for the reason that it is incompetent, irrelevant and immaterial to any issue in this case.

The Court: Well, without going into the merits of it, if counsel says it has some force on the matter before the court, we will admit it. Of course, if there is any question about your wanting to withdraw it, why, we can see that you get filed copies, although it is pretty expensive.

Mr. McGown: I was just going to state that this is rather a formidable looking document, and I certainly do not expect the court to be put to the burden of going through all of this except that I would like to point out if I may, certain of the proceedings here which are incorporated in this [fol. 42] transcript.

The Court: Well, when you get into the arguments why you can read what you want into the record, and take it with you, or can you do that, is there too much for that procedure? At the present time it will be admitted.

(The document referred to was marked by the reporter Exhibit A.)

[fol. 43] Exhibit A—Excerpts by agreement of counsel.

(Exhibit A.)

Application of Receiver to Make Charles R. Fisher et al. Party Defendants.

In the District Court of Tarrant County, Texas, 96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

To Said Honorable Court:

Now comes Dan E. Lydick, Receiver, and respectfully shows to the Court:

1.

Pursuant to the order of this Honorable Court dated July 31, 1938, and the supplementary order of this Honorable Court dated the 2nd day of August, 1938, your petitioner, Dan E. Lydick, Receiver, has taken possession of various sums of money, various choses in action, promissory notes secured by mortgages on lands, corporate stock, moneys on deposit, real estate, personal property, accounts receivable and all other assets of any kind or character owned or held or claimed by American Life Insurance Company, a corporation, defendant in this cause. The inventory and appraisal filed in this cause, which your receiver has attached hereto as an exhibit and which is marked Ex-

hibit "A", is a detailed description of all of the assets taken into the possession of the receiver pursuant to the order of the court, and your receiver now has possession of such assets with such changes as have arisen from the continued operation of the affairs of the American Life Insurance Company pursuant to the orders hereinbefore entered.

[fol. 44]

2.

All of the assets listed in the inventory, which is marked Exhibit "A" and hereto attached and made a part hereof for all purposes, are now in the possession of your petitioner, Dan E. Lydick, Receiver. And your petitioner, Dan E. Lydick, Receiver, has the sole possession, custody, care, control and power to administer such assets. Your receiver would respectfully show that it has been his endeavor during his administration of the estate in cooperation with the various receivers of American Life Insurance Company appointed in other states to collect, conserve, and impound all of the assets of American Life Insurance Company, a corporation, for the benefit of the policyholders and creditors of American Life Insurance Company whose rights are to be determined in this proceeding by such orders as may hereafter be entered.

3.

Your receiver is advised and believes and therefore alleges that one Charles R. Fisher, Commissioner of Insurance of the State of Iowa and Receiver of the affairs of American Life Insurance Company, a corporation, in Iowa, Pursuant to the proceedings had in that certain cause numbered 53870-98, Equity, styled State of Iowa ex rel John H. Mitchell, plaintiff, vs. American Life Insurance Company, Defendant, heretofore and now pending in the District Court of Iowa in and for Polk County, in his capacity as Insurance Commissioner of the State of Iowa, is asserting some character of right, title and interest in and to some one or all of the assets described in said Exhibit "A" hereto attached. Your petitioner would show that the exact nature [fol. 45] and extent of the claim or interest of the said Charles Fisher is unknown to your petitioner receiver but well known to the said Charles R. Fisher in his official capacities as aforesaid, but notwithstanding such claim or interest, it is subordinate to the possession, title, control

and custody of your petitioner receiver pursuant to the proceedings in this cause.

4.

Your Receiver would respectfully show that John G. Emery, Commissioner of Insurance of the State of Michigan in such capacity and as Permanent Liquidating Receiver of the American Life Insurance Company, pursuant to the proceedings had in cause No. 19256, styled Charles E. Gauss, Commissioner of Insurance, Plaintiff, vs. American Life Insurance Company, Defendant, heretofore and now pending in the Circuit Court for the County of Ingham, in chancery, of the State of Michigan, in his said capacities is asserting some character of right, title and interest in and to the assets described in Exhibit "A" hereto attached. Your petitioner would show that the exact nature and extent of the claim or interest of the said John G. Emery, in his capacities aforesaid, is not known to the receiver but well known to the said John G. Emery, but that notwithstanding such claim it is subordinate to the possession, title, control and custody of your petitioner receiver pursuant to the proceedings had in this cause.

5.

Your receiver would respectfully show that in order to carry out the orders and directions of the Court herein as [fol. 46] heretofore entered, it is to the best interest of the estate of American Life Insurance Company and all persons at interest therein that the exact nature and extent of the claims of the said Charles R. Fisher and John G. Emery, in their capacities aforesaid be delimited, defined and established by order of this court to the end that the reorganization and/or liquidation of American Life Insurance Company as may hereafter be found necessary proceed and the rights of all persons at interest with it and the affairs of such estate may be properly adjudicated and preserved in this cause.

Wherefore, premises considered, your petitioner, Dan E. Lydick, Receiver, prays that citation issue as by law provided to the said Charles R. Fisher, Commissioner of Insurance of the State of Iowa and Receiver of American Life Insurance Company in the State of Iowa, and the John G. Emery, Commissioner of Insurance of the State of

Michigan and Permanent Liquidating Receiver of American Life Insurance Company, to appear in this proceeding and assert whatever right, title or interest they, or either of them, may have in and to the assets in the custody of the receiver, and that upon final hearing hereof this Honorable Court decree that all of the assets of the American Life Insurance Company in the possession of this receiver be declared and held to be in such custody free and clear of any and all claims of the said Charles R. Fisher and John G. Emery in their capacities aforesaid, and for such other orders, relief, and judgment as to the court may seem proper in view of the premises, and for which this receiver will ever pray.

[fol. 47] DAN E. LYDICK, Receiver.

B. E. GODFREY and JOHN M. SCOTT,
Attorneys for Dan E. Lydick, Receiver.

State of Texas,
County of Tarrant.

Before me, the undersigned authority, on this day personally appeared Dan E. Lydick, known to me to be the person whose name is subscribed hereto, who, being first duly sworn, does on oath state that he is receiver in the above entitled and numbered cause and that the facts stated in the above application are true and correct.

(DEL) DAN E. LYDICK.

Subscribed and sworn to before me, by the said Dan E. Lydick, this 28th day of September, A. D. 1939, to certify which witness my hand and seal of office.

(Seal) MRS. O. M. MURRAY,
Notary Public in and for Tarrant County, Texas.

Filed: Sept. 28, 1939, W. E. Alexander, District Clerk, by F. J. C.—Deputy.

3—11,852

[fol. 48] Inventory of Receiver.

In the District Court of Tarrant County, Texas, 96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

To Said Honorable Court:

The inventory of the Receiver, Dan E. Lydict, as required by law, is herewith presented to the court.

Your Receiver would respectfully show that upon his appointment and qualification, he took into his possession the following property constituting, to the best of your Receiver's knowledge, all of the assets situate in the State of Texas of American Life Insurance Company, a corporation, to-wit:

Real Estate.

All those certain properties located in Tarrant County, Denton, Grayson, Willacy, Hidalgo, Gray and Donley Counties, in the State of Texas, which properties are more particularly described in Exhibits "A" and "B" attached hereto and made a part of this inventory for reference for all purposes, and more particularly on Pages 41 through 65 of Exhibit "A", and Pages 7, 20, 25, 34, 39, 43, and 47 of Exhibit "B", to which exhibits and pages indicated reference is here made for more particular descriptions of the real estate.

In this connection the Court will observe that there are six wholly owned subsidiary corporations of the American Life Insurance Company, as reflected by the exhibits. We have listed in this inventory the properties of these com-
[fol. 49] panies, the names of said companies being:

Mestenas Company	Hargill Company
Raphael Company	Willamar Company
Rayman Company	Delta Haven Company

as real estate owned by American Life Insurance Company, for the reason that by previous order of this court, it has been ascertained and decreed that all of the assets of the six subsidiary companies are in truth and in fact assets of

American Life Insurance Company. We merely observe, therefore, in passing, that the record title to certain of the lands in Willacy and Hidalgo Counties, Texas, as reflected in Exhibit "B", are in the names of said subsidiary companies through, in truth and in fact, such lands are assets of American Life Insurance Company.

First Lien Notes on Real Estate.

American Life Insurance Company owns first lien notes on real estate in Denton, Grayson, Tarrant, Gray and Donley Counties, Texas, and the amounts of said notes, the names of the makers, the properties given as security, the manner of payment of each indebtedness, the rates of interest the notes bear, and the condition of the loan, that is, whether delinquent or current, are more particularly reflected at Pages 4 through 31 of Exhibit "A", to which exhibit reference is here made for more particular description of these first lien notes;

In connection with the listing of the first lien notes, your Receiver would call the Court's attention to the fact that the subsidiary corporations, having record title to certain properties in the Valley, have executed to American Life Insurance Company notes and first lien mortgages upon [fol. 50] the real estate standing of record in their names. In view of the fact that the American Life Insurance Company and the subsidiary corporations are one and the same and that, as by decree of the court, the identity of the various corporations will be ignored as far as third persons and creditors are concerned, we have not listed in the foregoing list of first lien notes, the first lien notes owned and held by American Life Insurance Company against the Valley lands standing in the names of the subsidiary companies.

For completeness of this inventory, however, the first lien notes so held by American Life Insurance Company, of which the subsidiary companies are makers, may be found in Exhibit "B" at Pages 20, 26, 39, 43, and 47, to which reference is here made.

Likewise, Exhibit "B" reflects certain inter-company notes and obligations due from one to the other, reference to which is here made, but no effort is made at this point

to list those notes as assets of American Life Insurance Company.

Second Lien Notes on Real Estate.

American Life Insurance Company owns certain notes secured by second liens on real estate located at Tarrant County, Texas, which second lien notes are more particularly itemized in Exhibit "A" at Pages 30 through 35, reference to which is here made.

Unsecured Notes.

American Life Insurance Company owns notes unsecured which are itemized by name, balance due, method of payment, the interest rate and the condition of the loan, that is, [fol. 51] whether delinquent or current, on Pages 36, 37, 38, and 39 of Exhibit "A", to which reference is here made.

In connection with the list of the foregoing assets, your Receiver would respectfully show to the court that none of the notes listed above are physically in the possession of your Receiver. Your receiver understands and believes that the evidences of said indebtednesses described above are without the State of Texas, but in this connection your Receiver respectfully advises the court that he believes, as a matter of law, that the situs of the debts are in the State of Texas and that your Receiver has possession and legal control of all of said assets even though he does not have actual physical possession of the evidences of the indebtedness.

Personal Property.

Your Receiver has taken into his possession in the way of personal property, the properties reflected and itemized on Pages 1, 2, 3, and 40 of Exhibit "A", and Pages 4, 8, through 18, Pages 20, 25, 28, 31, 32, 39, 43, and 46, of Exhibit "B".

Accounts Receivable.

Your Receiver has itemized the Accounts Receivable of the receivership estate and same appear fully itemized in Exhibits "A" and "B", reference to which is here made.

Liabilities.

The liabilities of American Life Insurance Company are listed in Exhibits "A" and "B" and are fully itemized, reference to which is here made.

In this connection the Court's attention is called to the fact that the liabilities are considered separate in the ex-
[fol. 52] hibits for American Life Insurance Company and its subsidiary companies, but by the decree of the court they are one and the same, and your Receiver considers the liabilities of the subsidiary corporations and liabilities of the American Life Insurance Company, and vice versa.

The court will observe further that this inventory does not reflect any information re the cash loan and surrender values of Texas policy-holders nor does it reflect in any particular the obligation of American Life Insurance Company to Texas policy holders. This is explained in that the policies are all in the possession of the Michigan Receiver and the Receiver here has not been able to thus far obtain satisfactory information as to the amount of the liabilities represented by Texas policy-holders. For this reason your Receiver advises that this inventory is incomplete as to this one particular, but as information is obtained re these liabilities, this inventory will be supplemented.

For the convenience of the court, your Receiver has caused to be prepared a balance sheet of the assets and liabilities of American Life Insurance Company located at Edcouch, Texas, a balance sheet of assets and liabilities of American Life Insurance Company, located at Fort Worth, Texas, and a consolidated balance sheet of assets and liabilities of the subsidiary corporations, to-wit, Delta Haven Company, Mestenas Company, Raphael Company, Rayman Company, Hargill Company and Willamar Company, located at Edcouch, Texas. These consolidated balance sheets give a ready summary and report in less detail to that of Exhibits "A" and "B" and same are attached here-
[fol. 53] to and identified as Exhibits "C", "D" and "E" and are made a part of this inventory, to which reference is made.

The Court's attention is called to the fact that in Exhibits A, B, C, D, and E, certain values are given to the real estate owned. This Honorable Court is advised that the values found therein are not the result of an appraisal and do not express the opinion of the Receiver as to to value of each property, but on the contrary the properties are listed either at the book value found on the books of American Life Insurance Company and its various sub-

diviaries, or at the actual cost price to American Life Insurance Company.

The suburban real estate itemization. carries a "sale price". This figure was taken from the listings of American Life Insurance Company of properties for sale and is not to be considered as expressing the opinion of your Receiver.

Your Receiver is of the opinion that the actual values of the properties owned by American Life Insurance Company and those standing of record in the names of the subsidiary corporations mentioned are less than the book values at which they were carried in the defendant's records.

Wherefore your Receiver prays that this, his inventory be accepted by this court and ordered filed as reflecting the true condition of the receivership estate to the best of your Receiver's information and belief, as of the date of his appointment as Receiver, and of this your Receiver will ever pray.

DAN E. LYDICK,
Receiver.

[fol. 54] State of Texas,
County of Tarrant.

Before me, the undersigned authority, on this day personally appeared Dan E. Lydick, known to me to be the person whose name is subscribed hereto, who, being first by me duly sworn, does on oath state that he is Receiver in the above entitled and numbered cause and that the facts stated in the above and foregoing inventory are true and correct.

DAN E. LYDICK.

Subscribed and sworn to before me by Dan E. Lydick, this 2 day of November, A. D. 1938.

B. E. GODFREY,
(Seal) Notary Public, Tarrant County, Texas.

Filed: November 4, 1938. W. E. Alexander, District Clerk, By: R. S.—Deputy.

[fol. 55] Exhibit "C"

American Life Insurance Company — Edcouch, Texas

Balance Sheet August 1, 1938

Assets

Current Assets			
Cash in Bank			$ 369.22
Fixed Assets			
Real Estate			
#680 — Nursery	$50,051.00		
#686 — Club House & Land	49,276.05		
#745 — 10.09 Acres	3,125.71		
#786 — Lot 6, Blk 17	3,242.59		
#796 — Willacy County 80 Acres	4,078.38	$109,773.73	
Tractor		250.00	
Total Fixed Assets			110,023.73
Total Assets			$110,392.95

Liabilities

Accrued Taxes		
1938 Ad Valorem	$ 1,129.61	
1938 Water District	272.39	$ 1,402.00
Investment		108,990.95
		$110,392.95

[fol. 56] Exhibit "D"

American Life Insurance Company

Balance Sheet — July 29, 1938

Assets

Current Assets		
Petty Cash	$ 50.08	
Cash in Bank		
First National Bank of Forth Worth	933.29	

Accounts Receivable			
Kate Holt	$ 75.00		
American Life Ins. Detroit office	1.85	76.85	
Notes Receivable — 1st Lien		389,577.38	$390,637.60
Total Current Assets			390,637.60
Fixed Assets			
Real Estate — Denton, Texas		$ 5,108.00	
Real Estate — Ft. Worth, Texas		119,186.55	
Real Estate — Sherman, Texas		11,074.00	135,368.55
Furniture and Fixtures			863.20
Total Fixed Assets			$136,231.75
Other Assets			
Notes Receivable — Second Lien		$ 3,212.22	
Notes Receivable — Personal		3,446.84	6,659.06
Total Assets			$533,528.41

Liabilities

Current Liabilities	
Accounts Payable	$ 135.23
Investment	533,528.41

[fol. 57] Exhibit "E"

Delta Haven Company
Hargill Company
Mastenas Company
Raphael Company
Rayman Company
Willamar Company

Edcouch, Texas

Consolidated Balance Sheet

August 1, 1938.

Assets

Current Assets		
Petty Cash	$ 25.00	
Cash in Bank	16,555.10	$16,580.10

Accounts Receivable			
Winterhaven Company		27,947.43	
Miscellaneous		774.75	28,722.18
Notes Receivable			
Monte Alto Farms Company		7,425.95	
R.S.Parker and T.Parker		300.00	7,725.95
Inventories			
Cotton Dust		392.50	
Seed Onions		106.25	498.75
Contract of Sale			345.00
Total Current Assets,			$53,871.98
Mortgage Receivable			
Willacy County Water & Improvement Dist #1			4,633.59
Fixed Assets			
Land		$3,151,769.88	
Buildings & Improvements	$18,760.38		
Less Depreciation Reserve	2,260.99	16,499.39	
Tractors	11,952.75		
Less Depreciation Reserve	7,368.26	4,584.49	
Autos and Trucks	7,358.40		
Less Depreciation Reserve	5,775.98	1,582.42	
Machinery — Orchard	5,979.46		
Less Depreciation Reserve	2,183.81	3,795.65	
Rollo Shop Equipment	1,128.81		
Less Depreciation Reserve	385.12	743.69	
Total Fixed Assets			3,178,975.52
Total Assets			3,237,483.09

[fol. 58]

Statement of Assets

American Life Insurance Company

Fort Worth, Texas, Office

as of

July 29th, 1938

DAN E. LYDICK, RECEIVER

Lucien Frith
Ft. Worth, Texas

[fol. 59]

First Lien Notes Of
American Life Insurance Company, Detroit, Michigan
On Real Estate Located In Fort Worth, Texas
As of July 29, 1938

Loan No.		
1099	Name	Jennie Kane
	Principal Balance	$295.92
	Payable	$12.50 monthly
	Interest Rate	8%
	Interest Paid To	6-1-38
	Location	5424 Pershing
	Legal Description	Lots 27 and 28, Block 79, Chamberlain Arlington Heights, First Filing Addition.
1516	Name	Fred Johnson
	Principal Balance	$562.45
	Payable	$15.00 Monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	1504 E. Maddox
	Legal Description	Lot 15, block 56 Highland Park Addition.
1558	Name	L. O. Maddox
	Principal Balance	$398.50
	Payable	$21.88 Monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location:	3425 Avenue F
	Legal Description:	Lot 16, block 18, Polytechnic Hts. Addition.
1589	Name	J. D. Buckman
	Principal Balance	$341.71
	Payable	$10.00 Monthly
	Interest Rate	8%
	Interest Paid To	6-1-38
	Location	1311 Clinton Avenue
	Legal Description	Lot 17, Block 76, North Fort Worth (now a part of the city of Fort Worth)

1656	Name	Mrs. M. E. McCorstin
	Principal Balance	$1,180.82
	Payable	$20.00 Monthly
	Interest Rate	6%
	Interest Paid To	9-1-37
	Location	805 Drew Street
	Legal Description	Lot 5, Block 42, South Fort Worth Addition.

[fol. 60]

2003	Name	E. W. Hix
	Principal Balance	$865.24
	Payable	$10.00 Monthly
	Interest Rate	6%
	Interest Paid To	5-1-38
	Location	2304 Ross Avenue
	Legal Description	Lot 22, block 4, M.G.Ellis Addition.
2008	Name	Delia Kreyenbuhl
	Principal Balance	$748.11
	Payable	$9.00 Monthly
	Interest Rate	6%
	Interest Paid To	11-1-37
	Location	1923 West Petersmith
	Legal Description	Lot 5 and part of Lot 6, W.I.Keeling's subdivision of a portion of Block 25, Edward's Heirs Addition to the City of Fort Worth
2235	Name	Fred Scharf
	Principal Balance	$348.88
	Payable	$10.00 Monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	916 Bessie Street
	Legal Description	E. 33-1/3 feet of Lot 4, Block 2, Union Depot Addition to Fort Worth.
2443	Name	Ben Laves
	Principal Balance	$1,252.08
	Payable	$20.00 Monthly
	Interest Rate	8%
	Interest Paid To	3-1-38
	Location	423 College Avenue
	Legal Description	Lot 18, Block 34, Jennings South Addition
2448	Name	W. F. Charbonneau
	Principal Balance	$746.41
	Payable	$20.00 Monthly
	Interest Rate	8%
	Interest Paid To	3-1-38
	Location	2123 Josephinetta
	Legal Description	Lot 8, Block 18, in Sycamore Heights Addition

[fol. 61]

2475	Name	A. T. Ermis
	Principal Balance	$89.81
	Payable	$13.75 Monthly
	Interest Rate	8%
	Interest Paid To	6-1-38
	Location	3108 Stanley
	Legal Description	Lot 22, Block 1, Byers and McCarts Addition
2544	Name	J. B. Stalling
	Principal Balance	$1,579.25
	Payable	$30.00 Monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3109 Avenue G
	Legal Description	Lot 11, Block 28, Polytechnic Heights Addition
2644	Name	Nettie Herring
	Principal Balance	$1,730.43
	Payable	$25.00 Monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1414 North Huston
	Legal Description	Lot 8, Block 79, North Fort Worth (now a part of the city of Fort Worth)
2714	Name	J. T. Somerville
	Principal Balance	$1,352.63
	Payable	$18.00 Monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	614 Frey Street
	Legal Description	Lot 19, Block 162, McAdams Addition (First Filing) to the City of Fort Worth
2744	Name	F. P. Tracy
	Principal Balance	$926.64
	Payable	$16.00 Monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2912 Ryan Avenue
	Legal Description	lot 3, Block 18, Ryan South Addition
2764	Name	T. W. Howeth
	Principal Balance	$1,121.53
	Payable	$15.00 Monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
[fol. 62] 2764	Location	2214 E. Terrell
	Legal Description	Lot 4, Block 71, Highland of Glenwood Add'n

2796
Name — S. A. Billingsley and H. L. Cox
Principal Balance — $1,474.80
Payable — $19.00 Monthly
Interest Rate — 6%
Interest Paid To — 6-1-38
Location — 3901 Ada Street
Legal Description — Lot 12, Block 5, W. J. Raef's Add'n

2803
Name — Troy V. Post
Principal Balance — $2,883.73
Payable — $37.50
Interest Rate — 6%
Interest Paid To — 7-1-38
Location — 1101 E. Belknap
Legal Description — 53 feet x 125 feet and 8 inches in Block 156, Fort Worth, Tarrant County, Texas, further described by metes and bounds as follows: Begining at the intersection of the N line of the E. Belknap Street and the E line of Harding Street, said point being the S W corner of the said Block 156, City of Forth Worth; Thence in a northerly direction with the E line of Harding Street 125 ft. and 8 inches; Thence easterly parallel with the N B. line of E. Belknap Street 53 ft; Thence southerly parallel with the E B. line of Harding Street 125 ft. 8 inches to the NB. line of Belknap Street; Thence westerly with the said N iine of Belknap Street 53 feet to the place of beginning, being 53 x 125 2/3 ft. out of the SW corner of said block, facing 53 ft. S on E. Belknap Street and facing W 125-2/3 ft. on Harding Street in said City of Fort Worth, Texas.

[fol. 63]

2974
Name — E. C. King
Principal Balance — $907.71
Payable — $15.00 monthly
Interest Rate — 8%
Interest Paid To — 6-1-38
Location — 2818 West 25th Street
Legal Description — Lot 15, Block 77, Rosen Hts. Second Filing

3030
Name — Noble W. Prentice
Principal Balance — $923.81
Payable — $16.00 monthly
Interest Rate — 8%
Interest Paid To — 8-1-38
Location — 3413 W. Sixth Street
Legal Description — Lot 4, Block 5, W. J. Bailey Addition to Fort Worth, Texas, as shown by plat of said addition recorded in Vol. 310, Page 61, Plat Records, Tarrant County, Texas

3054	Name	Fred Scharf
	Principal Balance	$2,273.79
	Payable	$27.50 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1636 S. Henderson
	Legal Description	Lot 15, Jersey Hill Addition to Fort Worth
3099	Name	Ethel Wood Thrasher
	Principal Balance	$24.63
	Payable	$25.00 monthly
	Interest Rate	8%
	Interest Paid To	8-1-38
	Location	2 Blocks E. of Kings Hy. on Parrish Road
	Legal Description	The E one acre of Block 28, G.W. Burkitt's Subdivision of a part of the Hoel Walker Survey of Tarrant County, Texas, as shown by plat of said subdivision recorded in Vol. 388, Page 50, Deed Records of Tarrant County, Texas, said one acre being further described by metes and bounds as follows: Beginning at a point 180-4/10 varas E from the SW corner of said Block 28; Thence E 45-1/10 varas to the SE corner of said Block; Thence N along the E line of the said Block 28 125-1/10 varas to the NE
[fol. 64]		
3099	Legal Description	corner thereof; Thence W along the N line of said Block 28 45-1/10 varas; Thence S 125-1/10 varas to the place of beginning.
3116	Name	C. A. Taylor
	Principal Balance	$977.09
	Payable	$27.50 Monthly
	Interest Rate	8%
	Interest Paid To	4-1-38
	Location	3618 Avenue J
	Legal Description	Lot 15, Block 74, Polytechnic Heights Addition
3207	Name	T. E. Orgain
	Principal Balance	$441.13
	Payable	$7.50 Monthly
	Interest Rate	8%
	Interest Paid To	6-1-38
	Location	528 Gambrell
	Legal Description	Lot 27, Block 21, South Side Addition
3343	Name	J. A. Petty
	Principal Balance	$4,002.72
	Payable	$50.00 Monthly

	Interest Rate	6%
	Interest Paid To	5-1-38
	Location	2118 Stanley
	Legal Description	Lot 16, Block 5, Berkeley Addition
3348	Name	Robert Harrison
	Principal Balance	$2,917.46
	Payable	$80.00 Monthly
	Interest Rate	7%
	Interest Paid To	4-1-38
	Location	1100 Buck Street
	Legal Description	Lot 1, Block 7, Sagamo Park Addition
3357	Name	J. O. and Mattie B. Nicholson
	Principal Balance	$1,595.27
	Payable	$25.00 Monthly
	Interest Rate	8%
	Interest Paid To	3-1-38
	Location	1424 Sixth Avenue
	Legal Description	Lot 16, Block 2, Johnson's Subdivision of Block 28, Field's subdivision of Wm. Welch Survey in the City of Fort Worth, Tarrant County, Texas, as shown by plat of said subdivision recorded in Vol. 63, Page 61

[fol. 65]

3357	Legal Description	Deed Records, Tarrant County, Texas, which lot is further known and designated on the Texas Title Company's map of Fort Worth as Lot 16, Block 3, Johnson's Subdivision of Block 28, Field's Subdivision of Wm. Welch Survey, facing E 50 ft. on Sixth Avenue and facing S 100 ft. on Myrtle Street
3366	Name	Mary McSween Horton
	Principal Balance	$1,482.77
	Payable	$28.75 Monthly
	Interest Rate	8%
	Interest Paid To	4-1-38
	Location	3433 Avenue J
	Legal Description	Lot 18, Block 72, Polytechnic Heights Addition
3372	Name	F. M. Piercy
	Principal Balance	$1,016.48
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2318 Columbus
	Legal Description	Lot 21, Block 15, Rosen Heights, First Filing, an Addition to the City of North Fort Worth (now a part of the City of Fort Worth)

3387	Name	A. F. Puckett
	Principal Balance	$810.64
	Payable	$20.00 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	1021-25 Chandler
	Legal Description	Lots 6 and 7 and North ½ of Lot 5, Block 1, H. S. Westbrook Addition to Fort Worth
3402	Name	G. L. Elkins
	Principal Balance	$799.97
	Payable	$20.00 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	225 Sylvania
	Legal Description	Lot 3, Block 1, John M. Lamb Add'n to Fort Worth, Texas, the plat of said Addition being recorded in Vol. 541, Page 484, Deed Records, Tarrant County, Texas
[fol. 66]		
3550	Name	J. C. Gabbert
	Principal Balance	$482.37
	Payable	$18.00 Monthly
	Interest Rate	6%
	Interest Paid To	5-5-38
	Location	4203 Clarence
	Legal Description	Lot 28, Block 2, Jones-Oakview Add'n
3561	Name	Richard R. Standifer
	Principal Balance	$3,592.52
	Payable	$43.00 monthly
	Interest Rate	6%
	Interest Paid To	5-1-38
	Location	1714 Fairmount
	Legal Description	Lots 25 and 26, Block 9, Fairmount Addition
3563	Name	Harry Clay Bishop
	Principal Balance	$1,157.53
	Payable	$16.50 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3613 South Adams
	Legal Description	A part of Block 46, Silver Lake Addition to Fort Worth, Texas, further described by metes and bounds as follows: Beginning at a point in the W line of said Block 46, 10 ft. S of the NW corner of said Block; Thence S along the W line of said Block 46 40 ft. to a stake; Thence E parallel with N line of Blk. 46 107½ ft; Thence N 40 ft; Thence W 107½ ft. to the place of beginning, same being 40 x 107½ feet.

[fol. 67]

3565	Name	Dennis J. Hightower
	Principal Balance	$1,173.16
	Payable	$16.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3313 Race Street
	Legal Description	All that certain tract or parcel of land described as follows: Situated in Tarrant County, Texas, being part of the A. McLemore Survey, beginning at the SE corner of 1.66 acre tract more or less out of said McLemore Survey, deeded by J. M. Stuart and wife to J. J. Haywood, July 8, 1902, recorded in Book 196, Page 290, Deed Records, Tarrant County, Texas, reference to which is hereby made for a more complete description of J. J. Haywood 1.66 acre tract, Thence from the SE corner of the said tract along the E line of said tract 150 ft.; Thence W parallel with the S line of said Haywood tract 50 ft.; Thence S parallel with the E line of said Haywood tract 150 ft. to the S line of the said Haywood tract; Thence E along the S line of the said Haywood tract 50 ft. to the place of beginning.
3566	Name	David Franklin Richerson
	Principal Balance	$787.44
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	4210 Clarence
	Legal Description	Lot 24, Block 2, Jone-Oakview Addition to the City of Fort Worth, Tarrant County, Texas, as shown by plat of said Addition recorded in Vol. 1019, Page 115, Deed Records, Tarrant County, Texas
3623	Name	Mrs. Mildred Ash
	Principal	$942.37
	Payable	$16.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2321 Clinton
	Legal Description	Lot 10, Blk 4, M.G.Ellis Add'n to North Fort Worth (now a part of the City of Fort Worth)

[fol. 68]

3628	Name	Lucy M. Harkins
	Principal Balance	$316.54
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1600 Fifth Avenue
	Legal Description	East 100 ft. of Lot 21 and East 100 ft. of N 12½ ft. of Lot 20, all in Block 4, Fairmount Addition to Fort Worth
3636	Name	Lillie Melugin
	Principal Balance	$1,015.57
	Payable	$16.88 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1000 Bedell
	Legal Description	Lot 28, Block 18, South Side Add'n.
3638	Name	J. M. Simmons
	Principal Balance	$1,025.66
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	3828 W. Seventh
	Legal Description	Lot 1, Block 16, Country Club Heights Addition to the City of Fort Worth, Tarrant County, Texas, according to plat of said Addition recorded in Vol. 309, Page 53 Deed Records, Tarrant County, Texas.
3169	Name	Mrs. Ray Simon
	Principal Balance	$2,810.88
	Payable	$35.00 Monthly
	Interest Rate	6%
	Interest Paid To	5-1-38
	Location	1501 W. Pulaski
	Legal Description	N 120 ft. of Lot 37, Southland Subdivision of Block 10, Field's Subdivision of William Welch Survey, Fort Worth, Texas
3639	Name	Donald E. McCue
	Principal Balance	$797.36
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1108 Gambrell
	Legal Description	Lot 17, Blk 19, South Side Add'n

[fol. 69]

3640	Name	F. H Smith
	Principal Balance	$797.36
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	8-1-38
	Location	1856 Highland
	Legal Description	Lot 19, Block 127, North Fort Worth (now a part of the City of Fort Worth)
3641	Name	W. F. Willis
	Principal Balance	$808.05
	Payable	$15.00
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1862 Highland
	Legal Description	Lot 16, Block 127, North Fort Worth (now a part of the City of Fort Worth)
1762	Name	Ike Brooks and Sallie Brooks
	Principal Balance	$433.35
	Payable	$10.00 Monthly
	Interest Rate	8%
	Interest Paid To	10-1-37
	Location	3410 Hervie
	Legal Description	Lots 1, 2, 3, and 4, Block 42, Chamberlin Arlington Heights, Second Filing addition
3645	Name	B. F. Brush
	Principal Balance	$945.76
	Payable	$12.50 monthly
	Interest Rate	6%
	Interest Paid To	8-1-38
	Location	2106 Market
	Legal Description	Lot 4, Block 2, J. W. Shirley's Add'n
3648	Name	L. B. Bowen
	Principal Balance	$10,445.93
	Payable	$100.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location:	1000 & 06 Samuels, 1009, 15, 1101 & 05 E. Greer
	Legal Description	A part of Block lettered "F" of Samuels Addition to the City of Fort Worth, Tarrant County, Texas, being a part of the F. G. Mulliken Survey in Tarrant County and more fully described by metes and bounds as follows:

[fol. 70] 3648 Legal Description — Beginning at the SW corner of said Block lettered "F", Thence N 16 degrees W 95 ft; Thence N 74 degrees E 300 ft; Thence S 16 degrees E 95 ft. to the S line of said Block "F"; Thence S 74 degrees W 300 ft. to the place of beginning.

3663	Name	Halcey Brown
	Principal Balance	$6,121.66
	Payable	$60.00 monthly
	Interest Rate	6%
	Interest Paid To	3-1-38
	Location	123 W. Broadway
	Legal Description	Being a part of Block 6, Smith Jones and Daggett Addition to the City of Fort Worth, Tarrant County, Texas, and more particularly described by metes and bounds as follows: Beginning at a point on the S. B. line of Broadway St., 229 ft. W. of the intersection of the S B. line of Broadway St. with the W B. line of Main St.,; Thence W 65 ft. to a paoint 294 ft. W of the intersection of said S line of Broadway St. with said W line of South Main St.; Thence S with the agreed division between Mary B. Haas and M. C. Hurley 146 ft. more or less to a point in the S line of said Block 6; Thence E with the said S line of Block 6, 65 ft; Thence N 146 ft. more or less to the place of beginning.
3666	Name	J. C. Dickson
	Principal Balance	$1,150.80
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	6-7-38
	Location	1031 E. Elmwood
	Legal Description	Lot 1156 in Block 42, Hyde Park Addition

[fol. 71]

3685	Name	L. W. Chelmo
	Principal Balance	$1,055.32
	Payable	$16.25 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1617 Worth Street
	Legal Description	Lot 57, Dissel Tract, and Addition to the City of Fort Worth, Tarrant County, Texas

3667	Name	M. Gene Bein
	Principal Balance	$1,002.22
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	[illegible]00 James Street
	Legal Description	Lot 1, Block [illegible]1, John C. Ryan South Addition
3684	Name	Louis P. Lively
	Principal Balance	$861.56
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1915 S. Henderson
	Legal Description	Lot 4, Block 6, James Harrison's Addition to the City of Fort Worth Tarrant County, Texas, said Addition being a part of the West ½ of the J. N. Ellis Survey
3687	Name	L. G. Eilenberger
	Principal Balance	$2,302.08
	Payable	$26.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	2400 Queen Street
	Legal Description	A part of Lot 10, Blk 1, Edgewood Place Addition to the City of Fort Worth, Tarrant County, Texas, further described by metes and bounds as follows: Beginning at the NW corner of said Lot 10; Thence S along the W line of said Lot 10, 65 ft; Thence E 105 ft. to a stake; Thence N 65 ft/ to the N line of said Lot 10; Thence W 105 Ft. to the place of beginning.

[fol. 72]

3688	Name	Louie F. Williams
	Principal Balance	$1,242.11
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	8-1-38
	Location	201 Capps Street
	Legal Description	The East 50 ft. of Lots 23 and 24, Bloc 2, South Hemphill Heights Add'n.
3692	Name	Phil Owens
	Principal Balance	$1,461.56
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	4-1-38
	Location	1012 Hawthorne
	Legal Description	Lot 11, Block 1, Lawn Place Add'n.

3690	Name	R. L. Muckleroy
	Principal Balance	$950.88
	Payable	$14.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3624 Avenue G
	Legal Description	Lot 5, Block 46, Polytechnic Heights Addition
3694	Name	J. H. Dunaway
	Principal Balance	$993.76
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2205 Western Avenue
	Legal Description	Lot 31, Block 5, Hill Crest Addition
3696	Name	J. E. Dickson
	Principal Balance	$978.56
	Payable	$12.50
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1243 E. Elmwood
	Legal Description	Lot 17, Block 45, Highland Park Addition

[fol. 73]

3718	Name	Hugh C. Hamilton
	Principal	$1,504.00
	Payable	$40.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2901 Avenue B
	Legal Description	Lot 7, Block 1, Polytechnic Heights Addition
3749	Name	John H. Watts
	Principal Balance	$1,286.74
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2909 N. W. 23rd Street
	Legal Description	Lot 5, Block 142, Rosen Heights, Second Filing Addition to the City of Fort Worth
3757	Name	C. E. Leland
	Principal Balance	$1,996.18
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	809 Parks Street
	Legal Description	Lot "B" or North Fort Worth Townsite Company's Subdivision of Lots 12 and 13, Block 118, North Fort Worth (now a part of the City of Fort Worth)

3762	Name	Paul A. Mason
	Principal Balance	$2,185.58
	Payable	$30.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3022 Timberline Drive
	Legal Description	Lot 4, Block 10, Trueland Addition
3761	Name	J. C. Welch
	Principal Balance	$1,432.85
	Payable	$18.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	912 Hammond Avenue
	Legal Description	Lot 28, Block 25, South Side Addition

[fol. 74]

3763	Name	Chas. W. Barrier
	Principal Balance	$3,293.06
	Payable	$46.25 monthly
	Interest Rate	7%
	Interest Paid To	7-1-38
	Location	2208 Mistletoe Avenue
	Legal Description	West 32¼ ft. Lot 15 and East 22 ft. of lot 16, Block 12, Mistletoe Heights Addition
3765	Name	Judge Fuller
	Principal Balance	$633.06
	Payable	$10.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1704 Spurgeon
	Legal Description	Lot 8, Block 7, Seminary Hill Add'n
3773	Name	W. W. Phillips
	Principal Balance	$1,428.38
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2602 Chestnut
	Legal Description	Lot 14, Block 65, Rosen Heights, First Filing Addition
3774	Name	O. E. Smith
	Principal Balance	$1,999.32
	Payable	$30.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	3301 Avenue H
	Legal Description	Lot 9, Block 43, Polytechnic Heights Addition

3779	Name	Duane Fuqua
	Principal Balance	$2,185.79
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2812 Avenue I
	Legal Description	Lot 8, Block 66, Polytechnic Heights Addition

[fol. 75]

3786	Name	Eugene Collard
	Principal Balance	$1,462.07
	Payable	$18.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3631 Avenue N
	Legal Description	Lot 20, Block 126, Polytechnic Heights Addition
3797	Name	R. Eugne Roberts
	Principal Balance	$1,509.54
	Payable	$20.25 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	2722 Loving Avenue
	Legal Description	Lot 23, Block 58, Rosen Heights Addition, First Filing.
3798	Name	R. J. Ireland
	Principal Balance	$1,247.30
	Payable	$16.90 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3345 May Street
	Legal Description	Lot 12, Block 49, Ryan and Pruitt Addition
3801	Name	Ben Schuster
	Principal Balance	$1,936.83
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	829 E. Arlington
	Legal Description	Lot 430, Block 16, Hyde Park Add'n.

[fol. 76]

3805	Name	Clarence P. Denman
	Principal Balance	$2,863.65
	Payable	$30.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	4831-33 Norma Avenue
	Legal Description	A part of Lot 10, Block 1, Edgewood Place Addition to the City of Fort Worth, Tarrant County, Texas, as shown by Plat

recorded in Vol. 310, Page 22, Deed Records, Tarrant County Texas, and further described by metes and bounds as follows: Beginning at the SW corner of said Lot 10; Thence N with said W line 180 feet; Thence E 50 feet parallel with N line of Armstrong Avenue (now known as Norma Avenue); Thence S parallel with said W line of said Lot 180 ft. to a point in the N line of said Armstrong Avenue; Thence W 50 ft. to the place of beginning.

3808	Name	Malcolm Honecker
	Principal Balance	$1,428.03
	Payable	$15.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3219 Avenue L
	Legal Description	Lot 13, Block 97, Polytechnic Hts. Addition

[fol. 77]

3814	Name	D. C. Bryant
	Principal Balance	$3,238.04
	Payable	$50.00 monthly
	Interest Rate	6%
	Interest Paid To	7-10-38
	Location	804 Hemphill Street
	Legal Description	A part of Lot 4, Block 11, College Hill Addition to the City of Fort Worth, Tarrant County, Texas, described more particularly by metes & bounds as follows: Beginning at a point in the W line of Hemphill Street 50 feet S of the NE corner of said Block 11, Thence S along the W line of Hemphill Street 50 feet; Thence W 100 feet; Thence N 50 feet parallel with Hemphill Street; Thence E 100 ft. to the place of beginning; being the same property conveyed to said defendant Geo. Ross by Warranty Deed dated July 23, 1918, recorded in Vol. 553, Page 417, Deed Records, save and except a certain strip or parcel of land 10 ft. wide off of the E end of S 50 ft. of N 100 ft. Lot 4, Block 11, College Hill Addition, by right of reversion and re-entry on said strip.

3822	Name	Chas. Williams
	Principal Balance	$1,238.74
	Payable	$13.75 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	3104 Vaughn Blvd.
	Legal Description	Lot 2, Block 4, Buch Hill Addition, First Filing Addition

3827	Name	Jack Landress
	Principal Balance	$947.27
	Payable	$12.50 monthly
	Interest Rate	6%
	Location	2912 Bideker
	Legal Description	Lot 14, Blk 8, Buch Hill Add'n, Second Filing, to the City of Fort Worth, Tarrant County, Texas, as shown by Plat of said Add'n, recorded in Vol. 204, Page 76, Deed Records, Tarrant County, Texas.

[fol. 78]

3759	Name	Robert Harrison
	Principal Balance	$5,695.60 (Originally $6,000.00 dated 10-1-36)
	Payable	$150.00 Semi-annually ($145.60 delinquent since 4-1-38)
	Interest Rate	6%
	Interest Paid To	4-1-38
	Location	2201-05 W. Rosedale
	Legal Description	Lots 11 and 12, Block 8, Mistletoe Heights Addition to the City of Fort Worth
3647	Name	Geo. P. Farmer
	Principal Balance	$3,400.00 (Originally $3800.00 dated 4-13-36)
	Payable	$100.00 Semi-annually — 4-13 & 10-13
	Interest Rate	6%
	Interest Paid To	4-13-38
	Location	2616 South Adams
	Legal Description	Lot 5, Block 2, J. B. Schell's Addition to the City of Fort Worth, Tarrant, County, Texas

[fol. 79]

3553	Name	R. L. Bowen
	Principal Balance	$1,343.05
	Payable	$17.50
	Interest Rate	6%
	Location	820 Sylvania Avenue
	Legal Description	West one-half of a certain two-acre tract of land out of the A. McLemore Survey in Tarrant County, Texas, as conveyed by Warranty Deed dated March 24, 1924, executed by Albert M. Lumpking, a bachelor, to R. L. Bowen, as recorded in Vol. 814, Page 460, Deed Records, Tarrant County, Texas, and being further described as the West one-half of the R. L. Bowen Addition to the City of Fort Worth, Tarrant County, Texas, including all of Blk 1 of said R. L. Bowen Addition

2525	Name	Dr. Chas. F. Clayton
	Principal Balance	$6,800.00 (originally $8,500.00 5-23-34)
	Payable	$425.00 Annually 5-23
	Interest Rate	6% Semi-annually
	Interest Paid To	5-23-38
	Location	2329 Mistletoe Avenue
	Legal Description	70 x 154 feet out of the S ½ of E.S. Harris Survey, City of Fort Worth, as described by metes and bounds, County Warranty Deed Records, Vol. 645, Page 453, Deed Records, Tarrant County, Texas.
3776	Name	J. P. Greathouse
	Principal Balance	$4,100.00 (Originally $4,250.00 dated 6-1-37)
	Payable	$250.00 Annually ($100.00 delinquent from 6-1-38)
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	4425 Normandie
	Legal Description	All of Lot 7 and W 34½ ft. of Lot 8, Block 2, Akers and Paxton Addition to the City of Fort Worth, Tarrant County, Texas

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[fol. 80]

First Lien Notes Of
American Life Insurance Company, Detroit, Michigan
On Real Estate Located In Sherman, Texas
As of July 29, 1938

Loan No.

2449	Name	E. A. Bellis
	Principal Balance	$4,130.66
	Payable	$50.00 monthly
	Interest Rate	6%
	Interest Paid To	7-21-38
	Location	516 South Travis
	Legal Description	All that certain tract of land situated in the City of Sherman, Grayson County, Texas, and being a part of survey originally granted to Sam Blagg and described as follows: Beginning at a point 65 feet N 16 W of where the W line of Travis Street intersects the north line of King Street; Thence N 16 W 63 feet; Thence S 74 W 150 feet to the G. W. Greager's East line; Thence S 16 E 32 ft. to the Greager's SE corner; Thence S 74 W 10 ft. to Frank Kote's NE corner Thence S 16 E 31 feet; Thence N 74 E 160 feet to the place of beginning.

2824	Name	A. L. Burton
	Principal Balance	$41.19
	Payable	$13.63 Monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	606 N. Maxey
	Legal Description	Being 32 feet off of the north side of Lot 2 and 47 feet off of the south part of Lot 3 in Block "D" of Brockett's Addition to the City of Sherman, Texas.

[fol. 81]

2792	Name	John H. Kerr
	Principal Balance	$675.27
	Payable	$18.75 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	926 W. Washington
	Legal Description	Situated in the City of Sherman, County of Grayson, State of Texas, on the waters of Post Oak Creek, being a part of a survey originally granted to J. B. McAnair, and being a part of one acre tract out of said survey conveyed by Ike Exstein to Harry Hudgins, as per deed recorded in Vol. 247, page 322, Deed Records, Grayson County, Texas, further described by metes and bounds as follows: Beginning at a point on the south line of the present Washington Avenue, which point is 50 feet east of the SW corner of a tract of 40x140 feet, sold by Pennington 35 al, to the City of Sherman, by deed of record in Vol. 317, Page 81, of the deed records of Grayson County, Texas; said beginning point being the NE corner of a tract conveyed by B. B. Wilbanks, et al., trustees, to J. M. Pennington, by deed of record in Vol. 314, page 649, of the Deed Records of Grayson County, Texas, which said tract now belongs to Walter Darter; Thence E with the S line of said Washington Avenue 47 feet to the NW corner of a lot conveyed by J. M. Pennington, et al, to J. L. Ritchie, as shown by Deed of Record in Vol. 314, Page 653, of the Deed Records of Grayson County, Texas; Thence S with the west line of said Ritchie tract, 100 feet, said Ritchie's SW corner; Thence E 1 ft to the NW corner of Lot 5 and the SW corner of Lot 4 in A. V. Gate's Addition to the City of Sherman; Thence S 20 ft to a stake in the west line of said Lot 5; Thence west

38 feet to the SE corner of said Darter Lot; Thence north with Darter's E Line and parallell with Cemetery, or Rickett's St 120 ft to the place of beginning, containing 47x120x38x20x1x120 feet.

[fol. 82]

3140	Name	Cecil McManus
	Principal Balance	$345.77
	Payable	$15.00 monthly
	Interest Rate	8%
	Interest Paid To	6-1-38
	Location	1016 E. Cherry
	Legal Description	Situated in the County of Grayson, State of Texas, on the waters of Post Oak Creek, and being a part of the survey originally granted to G. B. Pilant and described as follows: Being a part of Lot 3, Block 2, of Hazelwood and Vaden Addition to the city of Sherman, Texas, located in said City of Sherman, Texas, and more particularly described as follows: Beginning at a stake on the south line of Cherry Street 2 ft. S 74 W from the NE corner of said Lot 3, in Block 2, in said Addition; Thence with S line of Cherry St S 74 W 50 ft. to a stake; Thence S 16 E 154½ ft to a stake in the N line of a 20 ft alley; Thence with the N line of said alley N 74 E 50 ft. to a stake; Thence N 16 W 154½ ft. to the place of beginning. 50x 154½ ft.
3551	Name	Major Dupont B. Lyon
	Principal Balance	$1,059.85
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	8-1-37
	Location	1308 E. Jones
	Legal Description	Part of Lot 1, Blk 2, East Side Add'n to the City of Sherman, Grayson County, Texas, further described by metes and bounds as follows: Beginning at a stake in the N line of said Block 102 ft E of the NW corner thereof, same being the NW corner of the lot described in deed from Grover Cantrell and wife to B. W. Canon, recorded in Vol. 309, Page 703, Deed Records, Grayson County, Texas; Thence E with the S line of Jones St 48 ft. to the NW corner of the lot conveyed by O. T. Lyon to R. C. Coker by deed dated Sept 17, 1925; Thence S with the W line of said Coker lot 150 ft. to a stake, Thence

[fol. 83] 3551 Legal Description W parallel with Jones Street 48 ft to the SW corner of said Canon lot; Thence N with its west line 150 ft to the place of beginning.

3557	Name	Noel Anderson
	Principal Balance	$569.72
	Payable	$12.50 monthly
	Interest Rate	6%
	Interest Paid To	6-1-38
	Location	301 McKown
	Legal Description	All of Lot 11 and the South 25 x 144 Feet of Lot 9, in Block 11, Greenmount Addition to the City of Sherman.

[fol. 84]

3717	Name	Virgil M. Reid
	Principal Balance	$1,338.13
	Payable	$20.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1125 N. Luckett
	Legal Description	Situated in the County of Grayson, State of Texas, on the waters of Post Oak Creek and being a part of survey originally granted to Charles Carter and described as follows: Beginning at a stake on the east line of Luckett Avenue 328-1/3 ft. N of intersection of the N line of Richards Street with the E line of Luckett Avenue, same being 50 feet N of the NW corner of a tract of land conveyed by Allison Thompson and wife to J. E. Wharton, by deed dated August 4, 1890, and recorded in Vol. 86, Page 299, of the Deed Records of Grayson County, Texas, and 50 feet N of the SW corner of a tract of land conveyed by C. M. Adams and wife to Knox G. Winebrenner by deed dated November 15, 1923, and recorded in Vol. 302, at page 194, of the Deed Records of Grayson County, Texas; Thence N with the E line of Luckett Avenue 50 ft., to a stake; Thence E parallel with the N line of Richards Street 156½ feet, a stake; Thence S parallel with the east line of Luckett Avenue 50 ft., a stake; Thence west parallel with the N line of Richards Street 156½ ft. to the place of beginning, containing 50 x 156½ feet of land.

3756	Name	H. F. Hunt
	Principal Balance	$1,192.53
	Payable	$17.50 monthly

	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	706 E. Pacific
	Legal Description	Lots 4 and 5 in Block "B", M.Y. Brockett's Add'n to the City of Sherman, Grayson County, Texas.

[fol. 85]

3555	Name	Frances Hefiin Birge
	Principal Balance	$4,000.00
	Payable	2-1-38
	Interest Rate	7% Semi-annually 5% Annually
	Interest Paid To	9-8-37
	Location	622 West Birge Street
	Improvements	Frame Building, 2 Apartments, 2-story 12 Rooms, 2 Baths, Garage with Servants Quarters
	Legal Description	Being described as all of Lot No. 6 and the west half of Lot 7, Block 2, and 25 x 33½ feet immediately south of and adjoining said west half of Lot 7 on the south and said Lot 6 on the east of Block No. 2, Birge's Addition to the City of Sherman, and more particularly described as follows: Being further described by metes and bounds in Warranty Deed from N.B. Birge to W. W. Birge, recorded in Vol 258, at Page 602, Deed Records of Grayson County, Texas,
	Remarks:	Mr. John Marshall, of Sherman, Texas, was appointed receiver on April 19, 1938 to take charge of property pending foreclosure proceedings. Mr. S.A. Billingsley has filed suit and is handling matter.

[fol. 86]

First Lien Notes Of
American Life Insurance Company, Detroit, Michigan
On Real Estate Located In Denton, Texas
As of July 29, 1938

Loan No.		
2242	Name	Mrs. Pearl Edna Hawkins
	Principal Balance	$195.74
	Payable	$10.00 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	413 Wainwright Street
	Legal Description	Beginning 50 ft. N of the SW corner of Lot 6; Thence E 75 ft. for corner; Thence N 50 ft. for corner; Thence W 75 ft. for corner on the E B line of Wainwright St; Thence S 50 ft. with the E B. line of said street to place of beginning.

2557	Name	R. J. Edwards
	Principal Balance	$845.51
	Payable	$12.50 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	1019 North Elm Street
	Legal Description	Being Lot No. 5 in Block No. 6 of North side Addition to the City of Denton, Denton County, Texas

[fol. 87]

3068	Name	E. E. Watkins
	Principal Balance	$915.28
	Payable	$31.25 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	1709 W. Mulberry
	Legal Description	All that certain lot, tract or parcel of land situated in the City of Denton, Denton County, Texas and being Lot 3 of and Addition to the City of Denton, known as "Portwood Terrace", a plat of which is recorded in Book 147, Page 538, of the Deed Records of Denton County, Texas, said plat being a division of Block 35 of the original College Addition to the City of Denton, Texas, a plat of said College Addition being recorded in Book 44, Page 600, of the Deed Records of Denton County, Texas
3268	Name	L. D. Palmer
	Principal Balance	$475.18
	Payable	$10.00 monthly
	Interest Rate	8%
	Interest Paid To	7-1-38
	Location	312 Stroud Street
	Legal Description	All that certain lot or parcel of land situated in the City of Denton, Denton County, Texas, out of the Wm. Loving 160 acre pre-emption Survey, and described as being Lot 23 in Stroud Addition to the City of Denton, Texas, as shown by the map or plat of said Addition of record in the Deed Records of Denton County, Texas, and here referred to for a more particular description.

[fol. 88]

3345	Name	Mrs. Ray Hundley (Mr. Hundley deceased)
	Principal Balance	$1,047.09
	Payable	$18.75 monthly
	Interest Rate	7%
	Interest Paid To	7-1-38
	Location	501 Amarillo
	Legal Description	All that certain lot, tract or parcel of

land lying and being situated in the City of Denton, Denton County, Texas, and more fully described as being the South half of Lot 3 and the north half of Lot 4 in Block "D" of the Mounts Second Addition to the City of Denton, Texas, as shown by the map or plat of said addition recorded in Vol. 162, Page 195, of the Deed Records of Denton County, Texas

2842	Name	First Christian Church (Residence)
	Principal Balance	$1,603.11
	Payable	$28.75 monthly
	Interest Rate	7%
	Interest Paid To	7-1-38
	Location	604 W. Sycamore
	Legal Description	All that certain lot, tract or parcel of land in the City of Denton, Denton County, Texas, and being a part of the Wm. Loving 160 acre pre-emption Survey; Beginning at a point in the N line of Sycamore Street at the SW corner of a lot on said Street formerly sold by A.W.Robertson to Schooler and later to C.C.Yeatts; Thence W along and with the N line of Sycamore Street 52 feet, a stake for corner; Thence N 175 ft., a stake for coner Thence E parallel with the N line of Sycamore Street 52 ft., a stake for corner; Thence S to the place of beginning, same being 175 feet.

[fol. 89]

3665	Name	W. C. Sears
	Principal Balance	$1,758.09
	Payable	$25.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	225 Bryan Avenue
	Legal Description	All that certain lot, tract or parcel of land situated in the City of Denton, Denton County, Texas, out of the E. Puchalski one-third League Survey, Abstract No. 996, and more particularly described as follows, to-wit: Beginning at a stake in the W B. line in Lula Street, 30 ft. N of the SE corner of a certain tract of land conveyed by J.N. Blewett and wife to Mrs. Ella Milligan by warranty deed, dated Sept. 4, 1907, and recorded in Vol. 107, Page 29, Deed Records, Denton

County, Texas; Thence W 165 ft. for corner in the W B. line of said lot; Thence N with said boundary line 80 ft. for corner in same; Thence E 165 ft. for corner in the E B line of tract conveyed to Mrs. Ella Milligan as aforesaid, same being the W B. line of Lula St; Thence S 80 ft. to the place of beginning, except 5 ft. off N side said tract previously sold.

[fol. 90]

3697	Name	J. C. Bradshaw
	Principal Balance	$1,407.82
	Payable	$21.25 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	708 N. Elm Street
	Legal Description	All that certain lot, tract or parcel of land situated in the City of Denton, Denton County, Texas, out of the B.B.B. and C.R.R. Company Survey of 640 acres patented to John R. Henry, assignee, by virtue of script No. 111, the land herein conveyed being 45 x 150 feet off of the S side of the following described land: Beginning at the SW corner of a one-acre tract sold and conveyed by T.W. Dougherty and wife, M.R. Dougherty, to John N. Dickson; Thence E 150 ft. to a stake for corner; Thence S 100 ft to a stake; Thence W 150 ft. to a stake, in Elm Street on the E B. line of a tract sold and conveyed by T.W. and M.R. Dougherty to J.B. Henry; Thence N and parallel with said E B. line, 100 ft. to the place of beginning, and the tract of land which is conveyed by this deed is described by metes and bounds as follows: Beginning at the SW corner of the above described Lot on the E B. line of N Elm St; Thence N 45 ft a stake for corner; Thence E 150 feet, a stake for corner; Thence S 45 ft. to a stake for corner in the S.B.line of the lot above described Thence W 150 ft. to the place of beginning.

[fol. 91]

3720	Name	C. C. Sauls
	Principal Balance	$1,204.32
	Payable	$18.00 monthly
	Interest Rate	6%
	Interest Paid To	7-1-38
	Location	2008 Elm Street
	Legal Description	All that certain lot or parcel of land out

		of the N.H.Miesenheimer Survey about 1½ miles N of the Public Square in the City of Denton and being part of Lot 4 of the J.M.Chandler Subdivision of a tract of land conveyed to J. M. Chandler by D.H.Fry and wife by deed dated February 22, 1902, and described by metes and bounds as follows: Beginning at the NW corner of said Lot 4 in the E. B. line of North Elm Street; Thence E 150 ft; Thence S 50 ft; Thence W 150 ft. to the E side of N Elm Street; Thence N 50 ft to the place of beginning, and being a part of the same property conveyed to Elbert SMith by Ed Fry and Wife, Bessie Fry, by deed dated September 15, 1922, and recorded in Vol. 184. Page 574, of the Deed Records of Denton County, Texas

[fol. 92]

3204	Name	Albert Zeretzke
	Principal Balance	$512.59 (Originally $1700.00-8-14-30)
	Payable	$127.50 Semi-annually
	Interest Rate	8%
	Interest Paid To	3-1-38
	Location	1108 Panhandle Street
	Legal Description	All that certain lot, tract or parcel of land situated in the City of Denton, Denton County, Texas, out of the Robert Beaumont one-third League Survey and more particularly described as part of the High School Addition to the City of Denton, Texas, and known, designated and described on the recorded map or plat of said High School Addition as Lot 10 in Block 25 of said High School Addition to said City of Denton, Denton County, Texas.
	Remarks:	No maturity date-payable $127 50 semi-annually, said installment to include both principal and interest, first being credited to interest and balance on principal until loan paid in full
3691	Name	L. A. McDonald
	Principal Balance	$700.00 (Originally $1,000.00-8-4-36)
	Payable	$100.00 semi-annually
	Interest Rate	6%
	Interest Paid To	2-4-38
	Location	620 Texas Street
	Legal Description	Lot No. 3, in Block "D", of the Schmitz-Ripy Addition to the City of Denton, Denton County, Texas.

[fol. 93]

First Lien Note Of
American Life Insurance Company, Detroit, Michigan
On Farm Land, Gray And Donley Counties, Texas
As of July 29, 1938

Loan No.

3839	Name	F.L.Simmons
	Principal Balance	$5,865.00
	Payable	$293.25 Annually
	Interest Rate	5%
	Interest Paid To	3-21-38
	Location	McLean, Texas — 457.7 Acres
	Legal Description	All those certain tracts or parcels of land lying and being in the counties of Donley and Gray, State of Texas, and described as of follows, to-wit:

First Tract—40.2 acres of land situated in Donley County, Texas, out of the north part of Survey No. 1, Columbus Tap Railway Company, Certificate No. 4, Abstract No. 557, described by field notes as follows: Beginning at a white rock, the SW corner of Section No. 62, in Block E, as corrected; Thence N 214½ vrs to the SE corner of Sec. 2, Columbus Tap Survey; Thence W 1058 vrs. to its SW corner, same being the NW corner of said Sec. No. 1; Thence S 214½ vrs. to a Bois D'arc Stake; Thence E1058 vrs to the place of beginning and containing 40.2 acres of land as aforesaid.

Second Tract—417½ acres of land described as follows: Being all of Section No. 2, Certificate No. 4, Grantee, Columbus Tap Railway Company, 267½ acres being in Donley County, Texas, and 150 Acres in Gray County, Texas, and described by field notes as follows: Beginning at a mound the NE corner of Survey No. 1, as corrected, said mound being in the west boundary line of survey No. 62, Block E, Certificate No. 127, D & P Ry Co., a little white rock on sandy flat brs South 214½ vrs., being the SW corner of said Survey 62; Thence N at 1685.5 vrs a white square rock mared R in rock mount on high hill from which points of bluff brs N 62½ E and N 22 E, 2463 vrs. a square rock marked R in rock mount on hill, East points of hills N 32-45 N 9-10 E., and S 24 W ½ mile, being middle of SW corner of Survey No. 65, Glock E and in South line of survey in the name of J. Seibel; Thence W with S boundary

line of said J. Seibel Survey, 858 vrs. to a rock mound in said S line on W slope of Parks Creek, being the middle E corner of Survey No. 19, Blk E, D. & P. Ry. Co., Thence S1238 vrs. a rock and hill, the SE corner of said Survey No. 19, Block E; Thence W 200 vrs. a pebble rock mound on flat; Thence S 1225.5 vrs. a mound, the NW corner of Survey No. 1, same certificate; Thence E with said Survey No. 1, 1058 vrs. to the place of beginning.

[fol. 94] 3839

Note payable in 20 equal principal installments, at 5% interest, interest payable annually, first installment of principal and interest due January 1, 1939.

Payments are made direct to American Life Insurance Company in Detroit, Michigan.

[fol. 95] Statement of Assets and Liabilities

American Life Insurance Company

Delta Haven Company
Hargill Company
Mestenas Company
Raphael Company
Rayman Company
Willamar Company

Edcouch, Texas

as of

August 1st, 1938

Dan E. Lydick, Receiver

LUCIEN FRITH,
Ft. Worth, Texas

[fol. 96] Edcouch, Texas

Consolidated Balance Sheet

August 1, 1938

Liabilities And Capital

Current Liabilities		
Accounts Payable		$ 694.45
Fixed Liabilities		
Mortgages Payable-American Life Ins. Co.		3,215,127.83
Deferred Income		428.75
Accrued Taxes		
1937 ad valorem	$ 22,878.11	
1938 ad valorem	21,067.39	
1938 water District	16,897.15	60,842.65
Capital		
Capital Stock Issued	$ 6,000.00	
Deficit	48,519.26	42,519.26
Total Liabilities And Capital		$3,234,574.42

[fol. 97] Hargill Company Edcouch, Texas

Balance Sheet

August 1, 1938

Assets

Current Assets			
Cash in Bank		$ 6,738.44	
Accounts Receivable-Winter Haven Co.		10,200.00	
Notes Receivable - Inter-Company		1,200.00	
Total Current Assets			$ 18,138.44
Fixed Assets			
Land		$ 755,885.99	
Buildings & Inprovements	$ 2,808.93		
Less Depreciation Reserve	407.29	2,401.64	758,287.63
			$ 776,426.07

Liabilities And Capital

Current Liabilities		
Notes Payable — Schedule		$ 300.00
Fixed Liabilities		
Mortgage Payable — Am. Life Ins. Co.		765,755.10
Accrued Taxes		
1937 Ad valorem	$ 4,860.30	
1938 Ad valorem	4,479.54	
1938 Water District	3,137.50	12,477.34
Capital		
Capital Stock Issued	$ 1,000.00	
Deficit	3,106.37	2,106.73
		$ 776,426.07

[fol. 98] Explanation of Balance Sheet Items

Current Assets

Cash in Bank—$6,738.44 on deposit in the First National Bank of Edinburg, Texas.

Accounts Receivable represents $10,200.00 advances to Winterhaven Company, operated by W. D. Woodroof, for sales campaign expenses, to be repaid out of commissions as and when land sales are made.

Notes Receivable—$1,200.00 Inter-Company notes, to be paid at such time as income will permit:

Delta Haven Company—$1,000.00 dated 11-30-37, due 12-30-37 5% Interest

200.00 dated 4-9-38, due 7-9-38 5% Interest

Fixed Assets

Land—the amount of $755,885.99 represents the total cost of the land, consisting of an original cost of $739,-421.73, cost of 7,088.04 acres, less $43.16, cost of .32 acres sold, plus Taxes and Interest of $16,503.79 and cost of Farm Survey $3.63 capitalized.

Buildings and Improvements—$2,401.64 represents the cost of twelve two-room box houses, $2,808.93, less depre-

ciation, $407.29. Buildings on land when purchased were seven four-room frame houses and ten three-room frame houses.

Current Liabilities

Notes Payable—$300.00 due from Mestenas Company, note dated 6-30-38, due 8-30-38, an Inter-Company note to be paid at such time as income will permit.

Fixed Liabilities

Mortgage Payable—At the time the Hargill Company was incorporated, according to a resolution shown in the Minute Book, copy of which resolution is included in this report, they acquired from the American Life Insurance Company 7,088.04 acres of land and executed notes to the American Life Insurance Company for $852,564.80 in payment therefor.

The Hargill Company books reflect that the land cost $739,421.73 and this amount was set up as Mortgage Payable to the American Life Insurance Company. The American Life Insurance Company later advanced $42,007.83 to [fol. 99] the Hargill Company and the amount was added to the Mortgage Payable Account and payments were made by the Hargill Company to the American Life Insurance Company of $15,674.46. These transactions result in the balance of $765,755.10 which appears on the Balance Sheet.

Capital.

Deficit—On January 1, 1938, there was a deficit of $465.14. The deficit of $3,106.37 shown on the Balance Sheet is the result of accrual of $12,477.34 Taxes, shown on the Balance Sheet.

[fol. 100] Hargill Company Edcouch, Texas

Copy of Resolution.

"Resolved that this company do purchase from the American Life Insurance Company approximately seven thousand eighty-eight and 04/100 (7088.04) acres of land out of the Missouri-Texas Land and Irrigation Company's Subdivision and the Harding and Gill Company's subdivision of lands in the Las Mestenas Grant in Hidalgo County, Texas, out of lands described in the certain deed

from George E. Leonard, Trustee, to the American Life Insurance Company, dated April 8, 1936, and of record in Volume 413, page 433 of the Deed Records of Hidalgo County, Texas, under the heading "Second Master Group", in said deed; said lands being for the purpose of this resolution identified in brief form and with the acreage and the purchase price to be paid by the company therefore, as follows:

		Acres	Amount
Part of Blocks 6 & 7	M. T.L.& I.	760.	$ 91,200.00
Part of Blocks 8 & 9	"	774.28	92,913.60
Part of Blocks 10 & 11	"	754.28	92,513.60
Part of Blocks 12 & 13	"	735.	88,200.00
Part of Blocks 26, 27 & 28	"	1046.03	125,523.60
Part of Blocks 29, 30, 42 & 43	"	817.18	98,061.60
Hargill Townsite		104.25	12,510.00
Part of Blocks 3 & 4	H. & G. Sub.	519.37	62,324.40
Part of Blocks 5, 6 & 10	"	594.05	71,286.00
Part of Blocks 7, 8 & 9	"	983.6	118,032.00
Total		7088.04	$852,564.80

it being understood that such purchase shall include as a part of said lands, an undivided one-half (½) of all oil, gas and other mineral and mineral rights in and/or appertaining to said land; the other undivided one-half (½) of such mineral and mineral rights, and the right of ingress and egress for developing and handling the same, to be reserved by the American Life Insurance Company; said lands to be conveyed to the company by separate deeds for each tract above described and this company to give the American Life Insurance Company notes for said respective tracts in the amounts set opposite same above, the payment of which notes is to be secured by the vendor's liens retained in the deeds from American Life Insurance Company and by Deeds of Trust to be given by this company; all said instruments and the terms of the payment of said notes to be of such form and terms as may be agreed upon by the President, and said Deeds of Trust to be executed by the President and attested, and the corporate seal of the company affixed, thereto, by the Secretary of the company; and said officers are hereby authorized to so execute said Deeds of Trust as well as said notes to be given by the company.

[fol. 101] "To Certify Which, witness the official signature of the President and the seal of the corporation, attested by the Secretary, this 14th day of October, A. D. 1936."

S. B. SMITH,
President

Attest:
W. B. Cragon,
Secretary.

Seal

[fol. 102] Mestenas Company

Balance Sheet

August 1, 1938

Assets

Current Assets			
Petty Cash		$ 25.00	
Cash in Bank		$ 5,261.96	$ 5,286.96
Accounts Receivable:			
Miscellaneous — Schedule		$ 5,127.49	
Winterhaven Company		4,387.50	9,514.99
Notes Receivable:			
R. S. & T. Parker		$ 300.00	
Monte Alto Farms Company		2,100.00	
Inter-Company's		3,900.00	6,300.00
Inventories			
Cotton Dust		$ 392.50	
Seed Onions		106.25	498.75
Total Current Assets			$ 21,600.70
Contract Sale — 2½ Acres of Land			345.00
Fixed Assets			
Land		$676,347.29	
Buildings & Improvements	$ 14,235.42		
Less Depreciation Reserve	1,619.48	12,615.94	
Tractors — Schedule	$ 11,952.75		
Less Depreciation Reserve	7,368.26	4,584.49	

Autos & Trucks-Schedule	$ 7,358.40		
Less Depreciation Reserve	5,775.98	1,582.42	
Machinery (Orchard) Sched.	$ 5,979.46		
Less Depreciation Reserve	2,183.81	3,795.65	
Rollo Shop Equip. Schedule	1,128.81		
Less Depreciation Reserve	385.12	743.69	699,669.48
Total Assets			$ 721,615.18

[fol. 103] Mestenas Company Edcouch, Texas

Copy of Resolution.

The meeting was called to order and presided over by the President. The President reminded the Board of Directors of informal discussions that had already taken place, but had virtually reached the stage of an agreement, concerning the proposition of the purchase by the company of all the lands belonging to the American Life Insurance Company in Blocks fifty-eight (58), eighty-two (82), eighty-three (83) and ninety-nine (99) of the Missouri Texas Land and Irrigation Company's Subdivision of lands in Las Mestenas Grant in Hidalgo County, Texas, aggregating 1,069.48 acres, more or less, at a uniform price of $120.00 an acre thereof, to be paid for in deferred payments in accordance with the terms of a note to be given to the American Life Insurance Company by Mestenas Company, and to be secured by the vendor's lien and a deed of trust lien upon said lands.

All of the above described blocks being in and out of the Missouri-Texas Land and Irrigation Company's Subdivision of lands in Las Mestenas Grant, in Hidalgo County, Texas, according to the map or plat thereof of record in Volume One (1), page twenty-nine (29) of the New Map Records of said Hidalgo County, Texas; all of said above described lands containing in all 1069.48 acres of land, more or less; at a price of One Hundred Twenty ($120.00) Dollars per acre thereof, and that this company execute and deliver its note for said amount (aggregating $128,337.60) payable to the order of said American Life Insurance Company.

"Be It Resolved that the company purchase from the American Life Insurance Company approximately forty-eight hundred (4800) acres of land in Las Mestenas Grant, in Hidalgo County, Texas, and being all of the lands described under the heading "Third Master Group" in deed of conveyance by George E. Leonard, Trustee, to the American Life Insurance Company, dated April 8, 1936, and filed for record in the office of the County Clerk of Hidalgo County, Texas, on April 15, 1936, except Lots six (6) seven (7), eleven (11) in Block ninety-nine (99) and the South one-half (S½) of Lot eight (8) Block ninety-three (93) of the Missouri-Texas Land and Irrigation Company's subdivision of lands in said Grant, said lands to be purchased at a price of $125.00 per acre thereof, total purchase price of approximately $16,370.40.

	Acres	Amount
Blk 82,83,58,99, M.T.L.& I.	1,069.48	$ 128,337.60
Unit #1, #2, #7, #3, #4, #6, Rollo Townsite, Blks 90,91,92,93, 94,66,64	4,792.09	681,604.00
Lot 5,6,11,12 Block 100	136.42	16,370.40
	5,997.99	$ 826,312.00

(signed) S. B. SMITH, President
Attest: (signed) W. B. CRAGON, Secretary

Seal

[fol. 104] Raphael Company Edcouch, Texas

Balance Sheet

August 1, 1938

Assets

Current Assets		
Cash in Bank		$ 1,927.37
Accounts Receivable-Winterhaven Co.		6,000.00
Notes Receivable		
Monte Alto Farms Co.	$ 1,450.00	
Inter-Company	13,700.00	15,150.00
Mortgage Receivable		
Willacy County Water & Improvement District		4,635.59
Total Current Assets		$ 27,712.96

Fixed Assets			
Land		$ 710,455.03	
Buildings & Improvements	$465.35		
Less Depreciation Reserve	52.87	412.48	710,867.51
Total Assets			$738,580.47

Liabilities & Capital

Current Liabilities			
Notes Payable — Schedule			$ 2,100.00
Fixed Liabilities			
Mortgage Payable to Am. Life Ins. Co.			736,779.52
Accrued Taxes			
1937 Ad Valorem		$ 5,480.87	
1938 Ad valorem		5,051.49	
1938 Water District		4,188.85	14,721.21
Capital			
Capital Stock Issued		$ 1,000.00	
Deficit		16,020.26	15,020.26
			$738,580.47

[fol. 105] Raphael Company Edcouch, Texas

Explanation of Balance Sheet Items.

Current Assets.

Cash in Bank—$1,927.37 on deposit in the First National Bank of Edinburg, Texas.

Accounts Receivable represents $6,000.00 advanced to Winterhaven Company, operated by W. D. Woodroff, for sales campaign expenses, to be paid when and as land sales were made out of his commissions.

Notes Receivable—Monte Alto Farms Company account $1,450.00 represents advances for sales organization to be paid when and and land sales were made out of commissions. The Monte Alto Farms Company is operated by Chas. S. Swallow.

Inter-Company notes of $13,700.00 are to be paid at such times as income will permit:

Rayman Company	$6,400.00 dated	5-19-37, due 7-19-37
Rayman Company	2,000.00 dated	8-17-37, due 10-17-37
Rayman Company	500.00 dated	12-15-37, due 1-15-38
Mestenas Company	1,000.00 dated	3-15-38, due ?
Willamar Company	2,000.00 dated	5-19-37, due 7-19-37
Willamar Company	800.00 dated	12-15-37, due 2-15-38
Rayman Company	1,000.00 dated	10-28-37, due 12-28-37

Mortgage Receivable, $4,635.59, represents amount of mortgage paid off for Willacy County Water & Improvement District #1 on land in reservoir. Interest on the note has been paid to March 10, 1938.

Fixed Assets.

Land—the total cost of the land, $705,233.70 (original cost of $697,177.23, cost of 6686.82 acres, less $6,489.59, cost of 62.05 acres sold, plus Taxes, Interest of $14,475.77 and Cost of Land Appraisals and Farm Survey $70.29 capitalized) together with cost of Orchards $5,221.33 results in the total of $710,455.03 shown in the Balance Sheet.

Building and Improvement represents a cost of $465.35 for three two-room one-story box houses less depreciation reserve of $52.87. There were nine three, four, and five-room one-story houses on the land when purchased.

Current Liabilities.

Notes Payable, $2,100.00 Inter-Company to be paid at such times as income will permit:

Mestenas Company — $ 600.00 dated 6-30-38, due 8-30 38, 5% int.
Mestenas Company — $1,500.00 dated 7-23-38, due 9-23-38, 5% int.

[fol. 106] Raphael Company Edcouch, Texas

Copy of Resolution.

"Resolved that this company do purchase from the American Life Insurance Company approximately six thousand six hundred eighty-six and 82/100 (6682.82) acres of land out of Willacy County, Texas, out of lands described in that certain deed from George E. Leonard, Trustee, to the American Life Insurance Company, dated April 8, 1936,

and of record in Volume 16, Pages 1 to 33 of Deed Records of Willacy County, Texas, under the heading "First Master Group", in said deed; said loands being for the purpose of this resolution identified in brief form and with the acreage and the purchase price to be paid by the company therefore, as follows:

	Acres	Amount
Part of Tenient League	1387.01	$166,441.20
Part of Stoddard Subdivision	400.	48,000.00
Part of Share 40, Sabas Cantu Sub and Manuel Cantu Subdivision	368.72	44,246.40
Part of Narcisse Tract & Harding-Lindahl Sub.	296.10	35,532.00
Part of Lasara Townsite	434.52	72,177.76
Part of Blocks 1 and 2, M.T.L. & I.	920.00	110,400.00
Part of Blocks 3,4,& 5, M.T.L. & I.	1270.00	152,400.00
Part of Blocks 15,16,17, & 18, M.T.L.&I	835.30	100,236.00
Part of Blocks 20,21,22,23,& 24,M.T.L.&I	775.17	93,780.00
Total	6686.82	$823,153.36

it being understood that such purchase shall include as a part of said lands, an undivided one-half (½) of all oil, gas and other mineral and mineral rights in and/or appertaining to said land; the other undivided one-half (½) of such mineral and mineral rights, and the right of ingress and egress for developing and handling the same, to be reserved by the American Life Insurance Company; said lands to be conveyed to the company by separate deeds for each tract above described and this company to give the American Life Insurance Company notes for said respective tracts in the amounts set opposit same above, the payment of which notes is to be secured by the vendor's liens retained in the deeds from American Life Insurance Company and by deeds of trust to be given by this company; all said instruments and the terms of the payment of said notes to be of such form and terms as may be agreed upon by the President, and said Deeds of Trust to be executed by the President and attested, and the corporate seal of the company affixed, thereto, by the Secretary of the company; and said officers are hereby authorized to so execute said Deeds of Trust as well as said notes to be given by the Company.

[fol. 107] To Certify Which, witness the official signature of the President and the seal of the corporation, attested by the Secretary, this 14th day of October, A. D. 1936".

S. B. SMITH,
President.

Attest:

W. B. Cragon,
Secretary.

Seal

[fol. 108] Rayman Company — Edcouch, Texas

Balance Sheet

August 1, 1938

Assets

Current Assets		
Cash in Bank	$ 1,096.61	
Accounts Receivable–Nat Wetzel	100.00	
Notes Receivable–Monte Alto Farms Co.	$ 1,646.95	
Total Current Assets		$ 2,843.56
Fixed Assets		
Land		250,240.77
		$ 253,084.33

Liabilities & Capital

Current Liabilities		
Notes Payable — Schedule		$ 10,100.00
Fixed Liabilities		
Mortgage Payable, Am. Life Ins. Co.		$ 243,561.97
Accrued Taxes		
1937 Ad valorem	$ 3,871.02	
1938 Ad valorem	3,567.76	
1938 Water District	1,632.35	9,071.13

Capital

Capital Stock Issued	$ 1,000.00	
Deficit	10,648 76	9,648 76
		$ 253,084.33

[fol. 109] Rayman Company Edcouch, Texas

Explanation of Balance Sheet Items.

Current Assets.

Cash in Bank—Money on deposit in the First National Bank of Edinburg, Texas.

Accounts receivable of $100.00 is an advance made to Nat Wetzel, of Raymondville, Texas, on sales promotion. I consider the account worthless.

Notes Receivable of $1,646.95, as shown on the Balance Sheet, is due from Monte Alto Farms Company, operated by Charles H. Swallow, and represents money advanced for sales organization and is to be repaid out of commissions as and when land sales are made.

Fixed Assets.

Land—the amount of $250,240.77 represents total cost of land, which consists of an original cost of $231,950.58, for 2431.15 acres, less $6,777.93, cost of 59.72 acres sold, plus $2,000.00 cost of 20 acres bought, plus Taxes and Interest of $23,001.44 and Cost of Land Appraisal $66.68 capitalized.

Current Liabilities.

Notes Payable—These are Inter-Company notes and are to be paid at such times as income will permit:

Raphael Company	$6,400.00	dated	5-19-37	due	7-19-37 5% int.
Raphael Company	2,000.00	dated	8-17-37	due	10-17-37 5% Int.
Raphael Company	1,000.00	dated	10-28-37	due	12-28-37 5% "

Raphael Company	500.00	dated 12-15-37	due 3-15-38	5%	"
Mestenas Company	200.00	dated 6-30-38	due 8-30-38	5%	"
	$10,100.00				

Fixed Liabilities.

Mortgage Payable—At the time the Rayman Company was incorporated, according to a resolution shown in the Minute Book, copy of which resolution is included in this report, they acquired from the American Life Insurance Company 2431.15 acres of land and executed notes to American Life Insurance Company for $291,738.00 in payment for same.

[fol. 109a] The Rayman Company books reflect that the cost of the land was $231,950.58 and that Mortgage Payable to American Life Insurance Company was set up for that amount. American Life Insurance Company later advanced the Rayman Company $19,868.23, which was also credited to Mortgage Payable Account, and the Rayman Company made payment to American Life Insurance Company of the amount of $8,256.85. These transactions result in the balance of $243,561.96 shown on the Balance Sheet.

Capital.

Deficit—On January 1, 1938, the books of Rayman Company show a deficit of $245.68. The deficit of $10,648.76 as of August 1, 1938, is due largely to taxes in the amount of $9,071.13 which were accrued and set forth in the Balance Sheet.

[fol. 110] Rayman Company Edcouch, Texas.

Copy of Resolution.

"Resolved that this company do purchase from the American Life Insurance Company approximately two thousand four hundred thirty-one and 15/100 (2,431.15) acres of land out of Willacy County, Texas, out of lands described in that certain deed from George E. Leonard, Trustee, to the American Life Insurance Company, dated April 8, 1936, and of record in Volume 16, pages 1 to 33 of the Deed Rec-

ords of Willacy County, Texas, under the heading "Fourth Master Group", in said deed; said lands being for the purpose of this resolution identified in brief form and with the acreage and the purchase price to be paid by the company therefor, as follows:

	Acres	Amount
Part of G.C.I. Subdivision	488.79	$ 58,654.80
Part of Raymond-Hallam Sub	118.8	14,256.00
Part of El Chapote Tract	665.19	79,822.80
Part of Gill Subdivision	153.60	18,432.00
Part of Harding-Lindahl Subdivision	80.	9,600.00
Part of Narcisse Tract #4	120.	14,400.00
Part of Raymondville Tract #1	615.59	73,870.80
Part of Raymondville Townsite	159.18	19,101.60
Part of Share 50	30.00	3,600.00
Total	2,431.15	$291,738.00

it being understood that such purchase shall include as a part of said lands, an undivided one-half (½) of all oil, gas and other mineral and mineral rights in and/or appertaining to said land; the other undivided one-half (½) of such mineral and mineral rights, and the right of ingress and egress for developing and handling the same, to be reserved by the American Life Insurance Company; said lands to be conveyed to the company by separate deeds for each tract above described and this company to give the American Life Insurance Company notes for said respective tracts in the amounts set opposite same above, the payment of which notes is to be secured by the vendor's liens retained in the deeds from American Life Insurance Company and by Deeds of Trust to be given by this company; all said instruments and the terms of the payment of said notes to be of such form and terms as may be agreed upon by the President, and said Deeds of Trust to be executed by the President and attested, and the corporate seal of the Company affixed, thereto, by the Secretary of the Company; and said officers are hereby authorized to so execute said Deeds of Trust as well as said notes to be given by the Company.

[fol. 111] To Certify Which, witness the official signature of the President and the seal of the corporation, attested by the Secretary, this 14th day of October, A. D. 1936."

S. B. SMITH,
President.

Attest:

W. B. Cragon,
Secretary.

Seal

[fol. 112] Willamar Company — Edgouch, Texa

Balance Sheet

August 1, 1938

Assets

Current Assets		
Cash in Bank	$ 559.50	
Notes Receivable–Monte Alto Farms Co.	$ 2,229.00	
Total Current Assets		$ 2,788.50
Fixed Assets		
Land		279,264.66
		$282,053.16

Liabilities And Capital

Current Liabilities		
Notes Payable — Schedule		$ 2,900.00
Fixed Liabilities		
Mortgage Payable, Am.Life Ins. Co.		278,912.31
Accrued Taxes		
1937 Ad valorem	$ 1,423.28	
1938 Ad valorem	1,293.35	
1938 Water District	1,504.45	4,221.08
Capital		
Capital Stock Issued	$ 1,000.00	
Deficit	4,980 23	3,980 23
		$282,053.16

[fol. 113] Willamar Company Edcouch, Texas.

Explanation of Balance Sheet Items.

Current Assets.

Cash in Bank—$559.50 on deposit in the First National Bank of Edinburg, Texas.

Notes Receivable represents $2,229.00 advanced to Monte Alto Farm Company, operated by Charles H. Swallow, for sales organization to be paid out of commissions as and when sales are made. Amounts and dates as follows:

Monte Alto Farms	$829.00, dated 10-27-37—5% Interest
Monte Alto Farms	900.00, dated 12-15-37—5% Interest
Monte Alto Farms	250.00, dated 3-28-38—5% Interest
Monte Alto Farms	250.00, dated 4-2-38—due 7-2-38 5% Int.

Fixed Assets.

Land—the amount of $279,264.66 represents the total cost of the land consisting of an original cost of 2,643.06 acres $269,371.55 less $2,409.89, cost of 21.32 acres sold, plus Taxes and Interest of $12,236.34 and cost of land appraisals $66.66 capitalized.

Current Liabilities.

Notes Payable—$2,900.00 as follows:

Raphael Company	$2,000.00 dated 5-19-37 due 7-19-37
Raphael Company	800.00 dated 12-15-37 due 3-15-38
Mestenas Company	100.00 dated 7-23-38 due 9-23-38

These are inter-Company notes and are to be paid at such time as income will permit.

Fixed Liabilities.

Mortgage Payable—At the time the Willamar Company was incorporated, according to a resolution shown in the Minute Book, copy of which resolution is included in this report, they acquired from the American Life Insurance Company 2,643.06 acres of land and executed notes to the American Life Insurance Company for $317,167.00 in payment therefor.

The Willamar Company books reflect that the land cost $269,371.55, and this amount was set up Mortgage Payable

to the American Life Insurance Company. The American Life Insurance Company later advanced the Willamar Company $10,635.76, which was added to the Mortgage Payable Account, and payments of $1,095.00 were made to the American Life Insurance Company on the notes. These transactions result in the balance of $278,912.31 which appears on the Balance Sheet.

[fol. 114] Capital.

Deficit—There was a deficit of $206.93 on the books of the Willamar Company on January 1, 1938. The deficit of $4,980.23 which appears on the Balance Sheet of August 1, 1938, is effected through the accrual of $4,221.08 for taxes, shown on the balance sheet, and other operating cost for this period.

[fol. 115] Willamar Company Edcouch, Texas

Copy of Resolution.

"Resolved that this company do purchase from the American Life Insurance Company approximately two thousand Six hundred forty-three and 06/100 (2,643.06) acres of land out of the San Juan de Carricitos Grant in Willacy County, Texas, out of lands described in that certain deed by George E. Leonard, Trustee, to American Life Insurance Company dated April 8, 1936 and of record in Volume 16, pages 1 to 33 of the Deed Records of Willacy County, Texas, under the heading "Fourth Master Group"; said lands being for the purpose of this resolution identified in brief form and with the acreage and the purchase price to be paid by the company therefore, as follows:

	Acres	Amount
Part of Share 3 of Share 14	39.39	$ 4,726.80
Part of Share 34	328.5	39,420.00
Part of Maneado Sub Share 45	211.6	25,392.00
Part of Harding & Gill Share 634	119.51	14,341.00
Part of Harding & Gill Share 61	735.1	88,212.00
Part of Hubmer Tract	1,208.96	145,075.20
Total	2,643.06	$317,167.00

it being understod that such purchase shall include as a part of said lands an undivided one-half (½) of all oil, gas and other mineral and mineral rights in and/or appertaining to said land; the other undivided one-half (½) of such mineral and mineral rights, and the right of ingress and egress for developing and handling the same, to be reserved by American Life Insurance Company; said lands to be conveyed to the Company by separate deeds for each tract above described and this company to give the American Life Insurance Company notes for said respective tracts in the amounts set opposite same above, the payment of which notes is to be secured by the vendor's liens retained in the deeds from American Life Insurance Company and by Deeds of Trust to be given by this company; all said instruments and the terms of the payment of said notes to be of such form and terms as may be agreed upon by the President, and said Deeds of Trust to be executed by the President and attested, and the corporate seal of the company affixed, thereto, by the Secretary of the company; and said officers are hereby authorized to so execute said Deeds of Trust as well as said notes to be given by the company.

"To Certify Which, witness the official signature of the President and the seal of the corporation, attested by the Secretary, this 17th day of August, A. D. 1936."

W. B. SMITH,
President.

Attest:

W. B. Cragon,
Secretary.

(Seal)

[fol. 116] Delta Haven Company — Edcouch, Texas

Balance Sheet

August 1, 1938

Assets

Current Assets			
Cash in Bank		$ 971.22	
Accounts Receivable			
Winterhaven Company	$6,000.00		
Am. Life Insurance Co.	2.00	6,002.00	
Total Current Assets			$ 6,973.22

Fixed Assets			
Land		$476,667.47	
Buildings & Improvements	$1,250.68		
Less Depreciation Reserve	181.35	1,069.33	
Total Fixed Assets			477,736.80
Total Assets			$ 484,710.02
Liabilities & Capital			
Current Liabilities			
Notes Payable — Schedule		$ 2,200.00	
Accounts Payable — Mestenas Co.		3,094.81	
Total Current Liabilities			$ 5,294.81
Fixed Liabilities			
Mortgage Payable to Am.Life Ins. Co.			478,520.85
Accrued Taxes			
1937 Ad valorem		$ 2,563.66	
1938 Ad valorem		2,362.82	
1938 Water District		2,416.25	7,342.73
Capital			
Capital Stock Issued		$ 1,000.00	
Deficit		7,448.37	6,448.37
			$ 484,710.02

[fol. 117] Delta Haven Company Edcouch, Texas.

Explanation of Balance Sheet Items.

Current Assets.

Cash in Bank—Money on deposit in the First National Bank of Edinburg, Texas.

Accounts Receivable represents $6,000.00 advanced to the Winterhaven Company, operated by W. D. Woodroof, for sales campaign expense, to be paid out of commissions as and when land sales are made; and $2.00 due from American Life Insurance Company.

Fixed Assets.

Land—the amount of $476,667.47 represents the total cost of the land, $452,893.29 (consisting of an original cost of $436,677.20 less $1,566.01, cost of 15 acres sold, plus taxes and interest of $17,689.35 and cost of farm survey $92.75 capitalized) and the cost of orchards, $23,774.18.

Buildings and Improvements—the amount of $1,069.33 represents a cost of $1,250.68, six two-room box houses, two four-room box houses, one three-room box house, less depreciation of $181.35.

Current Liabilities.

Notes Payable—$2,200.00 represented by Inter-Company notes, to be paid when income will allow, as follows:

Hargill Company $1,000.00 dated 11-30-37 due 12-30-37—5% Int.

Mestenas Company $500.00 dated 6-30-37 due 8-30-38—5% Int.

Mestenas Company $700.00 dated 7-23-38 due 9-23-38—5% Int.

Accounts Payable—$3,094.81 advanced by the Mestenas Company for orchard care, farm, and office expense.

Fixed Liabilities.

Mortgage Payable—At the time the Delta Haven Company was incorporated, according to a resolution shown in the Minute Book, copy of which resolution is included in this report, they acquired from the American Life Insurance Company 3,704.37 acres of land and executed their notes to the American Life Insurance Company for $540,950.00 in payment for same.

The Delta Haven Company books reflect that the cost of the land was $436,677.20 and that amount was set up as a Mortgage Payable to the American Life Insurance Company. American Life Insurance Company later advanced the Delta Haven Company $50,885.95, which was also credited to the Mortgage Payable Account. The Delta Haven Company made payment on the notes in the sum of $9,042.30. These transactions result in the balance of $478,520.85 shown on the Balance Sheet.

[fol. 118] Capital.

Deficit—On January 1, 1938, the books of the Delta Haven Company show a deficit of $363.64. The difference between the deficit of $7,448.37 shown on the balance sheet and $363.64 is the result of the accrual of taxes in the amount of $7,342.73, shown on the Balance Sheet.

[fol. 119] Delta Haven Company Edcouch, Texas.

Copy of Resolution.

"Resolved that this company do purchase from the American Life Insurance Company approximately three thousand seven hundred four and 37/100 (3,704.37) acres of land out of the Missouri-Texas Land and Irrigation Company's Subdivision of lands in the Las Mestenas Grant in Hidalgo County, Texas, out of lands described in that certain deed from George E. Leonard, Trustee, to the American Life Insurance Company, dated April 8, 1936, and of record in Volume 413, page 433 of the Deed Records of Hidalgo County, Texas, under the heading "Fourth Master Group" in said deed; said lands being for the purpose of this resolution identified in brief form and with the acreage and the purchase price to be paid by the company therefor, as follows:

	Acres	Amount
Part of Block 59	200.00	$ 40,000.00
E½ of Block 52	291.71	40,445.20
W½ of Block 52	320.00	45,440.00
Part of Block 54	531.00	99,920.30
Part of Block 45	525.80	68,632.00
Part of Block 40	210.93	28,768.80
Part of Blocks 31 and 32	110.00	13,200.00
Part of Unit #5	1,514.93	204,526.00
Total	3,704.37	$540,950.00

it being understood that such purchase shall include as a part of said lands, an undivided one-half (½) of all oil, gas and other mineral and mineral rights in and/or appertaining to said land; the other undivided one-half (½) of such mineral and mineral rights, and the right of ingress and egress for developing and handling the same to be reserved by American Life Insurance Company; said lands to be conveyed to the company by separate deeds for each tract

above described and this company to give the American Life Insurance Company notes for said respective tracts in the amounts set opposite same above, the payment of which notes is to be secured by the vendor's liens retained in the deeds from American Life Insurance Company and by Deeds of Trust to be given by this company; all said instruments and the terms of the payment of said notes to be of such form and terms as may be agreed upon by the President, and said Deeds of Trust to be executed by the President and attested, and the corporate seal of the company affixed, thereto, by the Secretary of the company; and said officers are hereby authorized to so execute said Deeds of Trust as well as said notes to be given by the company.

[fol. 120] To Certify Which, witness the official signature of the President and the seal of the corporation, attested by the Secretary, this 17th day of August, A. D. 1936.

S. B. SMITH,
President.

Attest:

W. B. Cragon,
Seal Secretary.

[fol. 121] Order Approving Inventory and Ordering Same Filed.

In the District Court of Tarrant County, Texas,
96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Co.

On this the 3rd day of November, A. D. 1938, the inventory of the Receiver of American Life Insurance Company was called to the attention of the court and the court, having heard evidence in support of same and having examined said inventory and having heard argument of counsel is of the opinion that said inventory should be directed filed and approved as reflecting the true condition of the receivership estate as of the date of the appointment of Dan E. Lydick, Receiver; and

It is therefore ordered that said inventory be filed, and it is further ordered that said inventory be, and it hereby is, approved by the court as reflecting the true condition of the receivership estate as of the date of the appointment of said Receiver, and it is so ordered.

A. J. POWER, Judge.

November 3, 1938.

[fol. 122] First Amended Petition of Interpleader.

In the District Court of Tarrant County, Texas,
96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

To the Said Honorable Court:

Now comes Thomas H. Miller, Plaintiff in the above entitled and [number] cause, and with leave of Court first had and obtained, files this his first amended petition of interpleader, complaining of Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company, and for grounds would respectfully show:

1.

Plaintiff is a resident citizen of the State of Michigan. Defendant Mestenas Company is a corporation chartered under the laws of the State of Texas and has an office in charge of an agent by the name of S. B. Smith, upon whom service may be had, in Edinburg, Hidalgo County, Texas; defendant Delta Haven Company is a corporation chartered and organized under the laws of the State of Texas and has an office in charge of an agent S. B. Smith, upon whom service may be had, in Edinburg, Hidalgo County, Texas; defendant Hargill Company is a corporation organized and existing under and by virtue of the laws of the State of Texas and has an office in charge of an agent, S. B. Smith, in Edinburg, Hidalgo County, Texas, upon whom service may be had; defendant Raphael Company is a corporation organized and existing under and by virtue of the laws of the State of Texas, and has an office in charge of an agent

[fol. 123] S. B. Smith, upon whom service may be had, in Edcouch, Hidalgo County, Texas; defendant Rayman Company is a corporation organized and existing under and by virtue of the laws of the State of Texas, and has an office in charge of an agent, S. B. Smith, in Edinburg, Hidalgo, County, Texas, upon whom service may be had, and the defendant Willamar Company is a corporation organized and existing under and by virtue of the laws of the State of Texas, and has an office in charge of an agent, S. B. Smith, upon whom service may be had, in Edinburg, Hidalgo County, Texas.

2.

Plaintiff would respectfully show that heretofore and to-wit; on the 29th day of May, 1938, plaintiff filed suit for debt and made application for the appointment of a Receiver for the assets of the American Life Insurance Company within the State of Texas, in the above styled and numbered cause, reference to which first amended original petition and the original petition of plaintiff in this cause is here made for all intents and purposes, the same as if set out herein haec verba, to show the character of suit brought and the relief desired. Plaintiff would further show that thereafter, and to-wit; on the 29th day of July, 1938, a decree was entered by this Honorable Court establishing the indebtedness of the defendant American Life Insurance Company to this plaintiff and appointing Dan Lydick as Receiver for the Texas assets of the defendant American Life Insurance Company, reference to which decree is here made for all intents and purposes the same as if set out herein haec verba.

[fol. 124] 3.

By virtue of the established indebtedness of defendant American Life Insurance Company to plaintiff, as fixed by said decree, the plaintiff became entitled, as a matter of law, to subject all of the assets of the American Life Insurance Company to the payment of his indebtedness and the indebtedness of all other policyholders similarly situated. Likewise, plaintiff by virtue of the respective pleadings filed by him in the above entitled and numbered cause and the decree appointing a Receiver therein became fully possessed of the legal right to have all of the assets of American Life

Insurance Company situated in the State of Texas, both real, personal or mixed subjected to the immediate possession of the Receiver for appropriate administration under the supervision of this Court for the benefit of the indebtedness of plaintiff and all other parties similarly situated.

4.

Plaintiff now finds and represents to the Court that a large majority of the Texas assets of American Life Insurance Company consists of real estate and agricultural implements, tools, crops and personalty used in connection with the management of said real estate and cash in banks in Willacy and Hidalgo Counties, Texas, the record title to which assets is vested in the following companies, to-wit: Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company and Willamar Company, all parties defendant in this interpleader.

5.

Plaintiff alleges that the true owner of all of the prop-
[fol. 125] erty and assets of these six companies, both real, personal and mixed in the counties of Willacy and Hidalgo, is in truth and in fact the American Life Insurance Company, and as such should rightfully pass into the possession of the Receiver, Dan Lydick, and that by virtue of such ownership are now constructively in the possession of Dan Lydick, Receiver, and that plaintiff is entitled to an appropriate decree of this Court directing such companies to recognize the right to possession of the ownership of said assets by Dan Lydick, and such decree should issue as well effect this result. In support of this allegation plaintiff recites the following facts, to-wit:

(1) Prior to the year 1936 all of the real estate located in Willacy and Hildago Counties, Texas, the record title to which is now in the six companies aforesaid, was owned by various and sundry individuals, corporations, firms, partnerships and associations, encumbered by first mortgage liens held by the American Life Insurance Company as mortgages. Further, prior and during the year 1936, the respective owners of the real estate aforesaid, subject to the encumbrances, became in default in the payments pro-

vided in the respective mortgages and as a result of such default the American Life Insurance Company foreclosed upon the real estate now owned by said six companies and located in the counties of Willacy and Hidalgo, and at such foreclosure sales became the vested legal fee simple title owner of all of such real estate.

(2) That immediately after acquiring fee simple title to the real estate by foreclosure proceedings the American [fol. 126] Life Insurance Company, acting by and through its duly authorized officers, agents, and employees, caused to be [craeted], chartered and organized the six companies above named under the laws of the State of Texas; that said companies above named were and are at this time and have been since the date of their incorporation wholly owned subsidiary companies of American Life Insurance Company. The stock issued and outstanding in each of the six companies aforesaid is owned entirely by either the principal stockholders and executive officers of the American Life Insurance Company or is owned by the American Life Insurance Company itself as a corporation; the officers and directors of each of the six companies are the same and identical officers and directors of American Life Insurance Company; the stock in each of said companies is owned by the same and identical persons, corporations or associations. The absolute control, management and operation of the six companies is had by the same and identical officers agents and employees who control, manage and operate the American Life Insurance Company: all Policies of the six companies; all operations of the six companies; all management of the six companies are directed and controlled by the American Life Insurance Company as a corporation and/or by its officers, agents and directors; that the six companies are one and the same as the American Life Insurance Company and the American Life Insurance Company by virtue of its ownership and control of all of the stock in the six companies in truth and in fact is the owner [fol. 127] of all of the realty, personalty and [and] mixed property of the six companies; that the six companies named are but the alter ego of American Life Insurance Company.

(3) The six companies above named are in fact agencies and instrumentalities of the American Life Insurance

Company for the management, control, operation and ownership of its property, real, personal and mixed, in Willacy and Hidalgo Counties, Texas, and the assets of such six companies are in truth and in fact the assets of the American Life Insurance Company.

(4) That the properties of American Life Insurance Company, consisting of the real estate appearing of record in Willacy and Hidalgo Counties in the names of the six companies was formerly owned by the American Life Insurance Company and was by such company sold to the six companies so that record title now exists in said companies. That the title has never been divested out of American Life Insurance Company, but by virtue of the wholly owned stock in said companies said real estate is still owned and is at the present time the property and assets of American Life Insurance Company, and the six companies above named are but the mere instrumentalities of American Life Insurance Company holding record title to said property in trust for American Life Insurance Company and the American Life Insurance Company is the rightful owner thereof.

(5) That said six companies are insolvent in that the liabilities of said companies greatly exceed the assets of each. The American Life Insurance Company has continually since the date of the creation of the said six companies [fol. 128] and the sale to said six companies of the real estate of record in their names in Willacy and Hidalgo Counties periodically advanced to said companies all moneys necessary for the operation of the business of each of said companies; that the American Life Insurance Company directly controls, operates and manages said companies and advances to said companies from time to time moneys necessary to carry on their operations and simply uses said companies as instrumentalities for the management, ownership and control and operation of the realty and personalty owned by each.

(6) That each of said six companies exists solely by will of the American Life Insurance Company; that each [promply] accounts to the American Life Insurance Company, its officers, agents and representatives for all of their conduct and for all of their funds, revenues and income and

make no effort to reserve and maintain a separate identity to that of American Life Insurance Company.

(7) Plaintiff alleges that each of the six companies aforesaid is presently in default of the payment of the mortgaged indebtedness to the American Life Insurance Company; that they are in default in the payment of interest upon their indebtedness to the American Life Insurance Company and each has failed and refused and still fails and refuses to make payment of the taxes due and unpaid upon the real estate situated in Willacy and Hidalgo Counties; that penalties and interest are daily accruing upon such delinquent taxes in violation of the mortgage contracts between the six companies and the American Life Insurance Company, together with nominal sums of cash in [fol. 129] the banks in Willacy and Hidalgo Counties, and such personal property as is necessary to operate and manage the land in said counties, a part of which is farming land and a part of which is citrus fruit, and that these asset items are less by twenty per cent the liabilities item of each of said companies, and, therefore, each of said companies is wholly insolvent.

6.

In this connection, plaintiff would respectfully show to the Court that Texas policyholders and creditors have a first and superior lien upon the Texas assets of American Life Insurance Company for the payment of their indebtedness, claims and policies and their other legal rights; that once these assets are removed from the State of Texas they are being dissipated and wasted; and plaintiff and all other creditors similarly situated are prevented from applying such assets, revenues, rents and income to the payment of Texas claims and indebtedness; that the assets of each of said six companies are daily being dissipated beyond the reach of Texas creditors and policyholders, all to the great damage of Texas policyholders and creditors for which no remedy at law exists but for the extension of the powers of the Receiver, Dan Lydick, to all of the assets now of record in these six companies and the issuance of an injunction enjoining and restricting said companies from the further disposition of their assets and the removal of same

beyond the State of Texas and a mandatory writ directing such companies to turn over to Dan Lydick, as Receiver, all of their assets, both real, personal and mixed, of any kind or character situated in the State of Texas, to be held, ad- [fol. 130] ministered and operated by said Receiver along with the other admitted assets in the American Life Insurance Company under the supervision and direction of this Honorable Court, which relief plaintiff seeks in this his petition of interpleader. And by virtue of all of which facts plaintiff alleges an emergency exists which should cause an ex parte enlargement of the powers of Dan Lydick, Receiver, and the appointment of Dan Lydick as Receiver of the assets of these six companies as well as the assets of the American Life Insurance Company in the State of Texas, both real, personal or mixed.

Wherefore, premises considered, plaintiff prays that the defendants by interpleader, Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company, and Willamar Company, all corporations, be served with process and service as by law provided; and that upon a hearing a decree of this Court be entered fixing the true, legal, fee simple ownership of all of the assets of the six companies in American Life Insurance Company, and further, that Dan Lydick, as Receiver in the original suit, have an ex parte decree and judgment entered as against these companies appointing him as Receiver for all of the assets, both real, personal and mixed of any kind or character wherever situated within the State of Texas, vesting in the said Dan Lydick as Receiver all the powers, authorities and duties to manage, operate and control said properties as has been vested in him in the original decree in this Court with regard to the Texas assets of American Life Insurance Company; and further, that the plaintiff herein be decreed to have a judgment in the amount fixed by [fol. 131] the previous decree of this Court against the assets of said six companies and that all of the assets of said companies, both real and personal, be subjected to the payment of plaintiff's judgment indebtedness as fixed in this Court, and that all costs of this proceeding as same appear upon the fee book records in this cause be adjudged against the six companies [respectfully] and/or the American Life Insurance Company, the rightful owner of said assets, and

for such other and further relief, either special or general, at law or in equity, to which plaintiff may be justly entitled, and of this he will ever pray.

McGOWN, McGOWN, GODFREY & LOGAN,

Attorneys for Plaintiff, Thomas H. Miller.

State of Texas,
County of Tarrant.

Before me, the undersigned authority, on this day personally appeared John M. Scott, Jr., known to me to be one of the attorneys of record for Thomas H. Miller; who first being duly sworn did upon his oath depose and say that he had read the above and foregoing petition of interpleader; is cognizant of the facts therein contained and states that same are true and correct.

JOHN M. SCOTT, JR.

Subscribed and sworn to, before me this 6th day of October, A. D. 1938, to certify which witness my hand and seal of office.

(Seal)

WAUNEETHA TIDWELL,
Notary Public in and for
Tarrant County, Texas.

Filed Oct. 6, 1938.

[fol. 132] (Summons.)

The State of Texas.

To the Sheriff or any Constable of Hidalgo County,—Greeting:

You are hereby commanded to summon Mestenas Company, a corporation; Delta Haven Company, a corporation; Hargill Company, a corporation; Raphael Company, a corporation; Rayman Company, a corporation and Willamar Company, a corporation, to appear before the District Court of Tarrant County, Texas, 96th Judicial District, at the Court House, in the City of Fort Worth, at or before ten o'clock a. m. on the Monday next following the expiration

of thirty (30) days from the date of issuance of this citation, said Monday being the 5th day of September, A. D. 1938, and then and there to answer the Petition of Interpleader petition of Thomas H. Miller, filed in said Court on the 2nd day of August, A. D. 1938, against Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company, Defendants, for suit, said suit being numbered 21854-A, the nature of which is as follows, to-wit:

As set out in Plaintiff's Petition of Interpleader a certified copy of which is hereto attached, to which reference may be had, and you will deliver to the said defendant, in person, a true copy of this Citation, together with the accompanying certified copy of plaintiff's petition of Interpleader petition, within twenty days from the date of issuance hereof.

Herein Fail Not, and have you then and there this Writ, showing how you have executed the same.

Witness: W. E. Alexander, Clerk of the District Court of Tarrant County, Texas. Issued under my hand and seal of office, at Fort Worth, this the 2nd day of August, A. D., 1938.

(Seal)

W. E. ALEXANDER,
Clerk of the District Court of
Tarrant County Texas.
By F. J. Clark, Deputy.

(over)

[fol. 132a] Sheriff's Return.

Came to hand on the 3rd day of August, 1938, at 9 o'clock A. M., and executed in Hidalgo County, Texas, by delivering to the within named defendant in person, a true copy of this citation (together with the [accoupanying] certified copy of the petition at the following times and places, to-wit:

Mestenas Company,	a	Corporation
Delta Haven Company,	"	"
Hargill Company,	"	"
Raphael Company,	"	"
Rayman Company,	"	"
Willamar Company,	"	"

By delivering of These Petitions to S. B. Smith, President of the above named corporations 8-5-38, 11 A. M. Edinburg, Texas. I actually and necessarily traveled .... miles in the service of this Citation, in addition to any other mileage I may have traveled in the service of other process in the same case during the same trip.

Fees: Serving 6 copies $6.00.

R. T. DANIEL, Sheriff,
Hidalgo County, Texas,
By: E. E. Vickers, Deputy.

[fol. 133] Order Appointing Receiver.

In the District Court of Tarrant County, Texas, 96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

On this the 2nd day of August, 1938, came on to be heard before the court the petition of interpleader of Thomas H. Miller and Grocer C. Spillers, against the defendants Mastenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company, all corporations. Came the plaintiff Thomas H. Miller and intervener Grocer C. Spillers, by counsel, and after hearing evidence re the true ownership of the assets of the above named corporations, the court finds that American Life Insurance Company in truth and in fact owns all of the assets, both real, personal and mixed of each and every description owned by each of the above named companies in the State of Texas; that by virtue of such ownership the Receiver, Dan Lydick, should extend to and cover all of the assets of said companies. It is, therefore, by the court Ordered, Adjudged and Decreed.

That Dan Lydick, of Tarrant County, Texas, be and he is hereby appointed Receiver of the Texas estate of each of the named defendants to-wit, Mastenas Company, a corporation, Delta Haven Company, a corporation, Hargill Company, a corporation, Raphael Company, a corporation, Rayman Company, a corporation, Willamar Company, a

corporation, and all of each of said companies Texas assets, both real, personal or mixed, including choses in action, notes, bonds, deeds of trust, cash in any and all banks within the State of Texas, and all other items of property, [fol. 134] both real, personal or mixed, of any kind or character, wherever situated within the State of Texas, with full authority to take said properties into his possession to manage, operate and control same.

Said Receiver is further given full power and authority and is hereby directed to take into his immediate possession and charge all of the properties, assets, books of account, contracts, stocks, bonds, and mortgages of any kind or character located within the State of Texas; all office equipment, furniture and fixtures of any kind belonging to the defendant companies, and each of them, including all agricultural and farming machinery and personalty of any kind, with full authority to carry on and conduct the business of each of said companies and in connection therewith to receive rents and tolls, collect, compromise for, demand and bring suits, and in connection therewith said Receiver is instructed to take into his possession all of the property of each of said companies, to operate the same and to hold the proceeds arising from such operation subject to further orders of this court.

The said Receiver is further instructed and directed to receive and collect and hold all payments due and owing each and all of said companies and corporations by virtue of their operations in the State of Texas, whether said indebtedness be now due or hereafter to become due and owing to each of said companies.

That each and every officer, director and agent or employee of each of said companies, and their agents and employees and attorneys, and representatives, and any and [fol. 135] all other persons, firms, corporations of any kind or character having in their possession or under their control assets belonging to each of the companies are required and commanded forthwith to surrender same to such Receiver upon demand, including all books of account, minute books, corporate records and all evidence of any business transacted by each of said companies within the State of Texas, including any and all property of any and

every type, both real, personal or mixed belonging to each of said corporations, to be kept in the custody of such Receiver subject to the further orders of this Court.

That each of said corporations, their officers, directors, servants, agents and employees, and their attorneys and their agents, representatives and employees, and any and all other persons, firms, corporations or associations, are hereby enjoined from in any way interfering or intermeddling with the property hereby directed to be turned over to said Receiver or from hindering or molesting said Receiver in any way while acting as such Receiver and while operating, controlling and managing said properties and from disposing of any of said properties or assets except the transferring and delivering of same to this Receiver subject to the further orders of this court.

That said Receiver having already heretofore taken the oath required by laws of the State of Texas as Receiver and having made bond in an amount acceptable to the court in this cause, no additional oath or bond shall be required of him, but said oath and bond specifically shall relate to all of the assets of American Life Insurance Company, including those now in the possession of the above named de-
[fol. 136] fendants. It is further,

Ordered, Adjudged and Decreed that each and all of the assets of the above named defendants, whether real, personal or mixed be and the same are hereby decreed to be the sole and exclusive property of American Life Insurance Company and when delivered to the Receiver, as per this decree, shall be held by said Receiver, managed, operated and controlled by him subject to the further orders of this court the same as if said property had been owned in the first place by American Life Insurance Company and subject to the previous decrees and orders entered in this cause. It is further,

Ordered that this decree shall merely supplement the previous decree entered herein, and it is so ordered.

A. J. POWER,
Judge of the 96th Judicial District, Tarrant County, Texas.

August 2, 1938
C-16, p 295

[fol. 137] Application of Receiver for Authority to Convey Assets and Dissolve Corporations.

In the District Court of Tarrant County, Texas, 96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Co.

To Said Honorable Court:

Now comes Dan E. Lydick, Receiver, and would respectfully show:

1.

This Court has heretofore found that American Life Insurance Company has six wholly owned subsidiary corporations, all of which are Texas corporations, and all of which are insolvent in that the liabilities of said subsidiary corporations, considering the amounts of certain vendor's lien promissory notes by them executed to American Life Insurance Company, exceed the entire assets and capital stock of said corporations, for which assets said notes were given as purchase money.

Said subsidiary corporations are as follows:

Mestenas Company,
Hargill Company
Willamar Company
Raphael Company
Delta Haven Company
Rayman Company

Each of said corporations has its principal office at Edcourch, in Hidalgo County, Texas, and has a capital stock issued and outstanding of One Thousand Dollars ($1,000.00) and the certificates evidencing such capital stock are issued to American Life Insurance Company and are now held by your applicant as a part of the estate thereof.

[fol. 138] 2.

Your Receiver is informed and believes that there are no creditors or claimants of said subsidiary corporations ex-

cept various taxing authorities and persons to whom the promissory vendor's lien notes of said corporations may have been delivered or otherwise transferred by American Life Insurance Company.

3.

That said corporations have wholly ceased to serve any useful function in connection with the estate of American Life Insurance Company and that the expense of maintaining the corporate existences of said corporations and the clerical hire necessary thereto is a useless and avoidable expense to the estate of American Life Insurance Company.

4.

That your Receiver believes it would be to the best interest of American Life Insurance Company and all parties of interest therein that the assets of every kind and character of said subsidiary corporations be conveyed to American Life Insurance Company in liquidation and cancellation of the capital stock of each of said subsidiary corporations, and subject to the rights of any persons holding claims against the assets of said corporations to the extent of the assets so conveyed, but without any assumption, express or implied, by American Life Insurance Company or its Receiver of any obligations of said corporations. That the said subsidiary corporations should then be voluntarily dissolved and the charters thereof surrendered.

[fol. 139] Wherefore, premises considered, the Receiver prays that this Honorable Court authorize, order and direct him to voluntarily dissolve each and all of the hereinabove named subsidiary corporations, to-wit:

Mestenas Company
Raphael Company
Willamar Company
Delta Haven Company
Rayman Company
Hargill Company

and for that purpose such corporate meetings, resolutions and conveyances be held, adopted and executed in behalf of

the estate of American Life Insurance Company and of the aforesaid subsidiary corporations as may be requisite and necessary.

Respectfully Submitted,

DAN E. LYDICK,
Receiver.

State of Texas,
County of Tarrant.

Before me, the undersigned authority, on this day personally appeared Dan E. Lydick known to me to be the person whose name is subscribed to the above and foregoing instrument and, being first duly sworn, does on oath state that he is Receiver in the above entitled and numbered cause, and that the matters and facts stated in the foregoing instrument are true.

DAN E. LYDICK.

Subscribed and sworn to before me, by Dan E. Lydick, this 26th day of April, 1939.

(Seal) HENRY J. GOULD,
Notary Public, Tarrant County, Texas.

Filed April 26, 1939.

[fol. 140] Order Authorizing Receiver to Convey Assets and Dissolve Corporations.

In the District Court of Tarrant County, Texas,
96th Judicial District.

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

Now on this the 26th day of April, 1939, came on to be heard before the Court the application of Dan E. Lydick, Receiver, for permission and authority to convey the assets of, and dissolve, certain subsidiary corporations hereinafter named and the court, after hearing the evidence touching upon said application, is of the opinion that said application should be in all things granted;

It is therefore ordered that Dan E. Lydick, Receiver, be and he is hereby, authorized to convey all of the assets of every kind and character, real, personal or mixed, legal or equitable, of the following named corporations:

Mastenas Company
Hargill Company
Willamar Company
Raphael Company
Rayman Company
Delta Haven Company

to American Life Insurance Company. The conveyance of such assets shall be in cancellation and liquidation of all of the capital stock of said hereinabove listed subsidiary corporations and shall be subject to any claims in any wise existing against the assets of said corporations to the extent of such assets conveyed pursuant to this order but [fol. 141] without any assumption, express or implied, on the part of the grantee to pay such claims other than to the extent of the assets conveyed, and as such claim may be hereafter allowed by this court.

It is further ordered that Dan E. Lydick, Receiver, shall by appropriate measures dissolve the said subsidiary corporations and he is authorized and ordered to do, make, and execute any and all necessary resolutions and corporate actions to effectuate such dissolutions as by law provided.

A. J. POWER, Judge,
96th Judicial District Court,
Tarrant County, Texas.

April 26, 1939.

[fol. 142] Application to Withdraw Pleas of Privilege.

In the District Court of Tarrant County, Texas
96th Judicial District

Thomas Miller,
No. 21854-A. vs.
American Life Insurance Company.

Now Comes defendants Mestenas Company, Hargill Company, Delta Haven Company, Raphael Company, Ray-

man Company and Willamar Company in the above entitled and numbered cause, and severally waive and withdraw their respective pleas of privilege heretofore filed herein, and waive their privilege, if such they have, to be sued in the County of Hidalgo, being the county of their residence and legal domicile, and agree that this court may have and retain value of the above entitled and numbered cause in so far as the same concerns said defendants.

MESTENAS COMPANY,
By S. R. Smith, President.

HARGILL COMPANY,
By S. R. Smith, President.

DELTA HAVEN COMPANY,
By S. R. Smith, President.

RAPHAEL COMPANY,
By S. R. Smith, President.

RAYMAN COMPANY,
By S. R. Smith, President.

WILLAMAR COMPANY,
By S. R. Smith, President.

Approved:

SMITH & HALL,
By S. R. Smith, Attorneys.

Filed: Oct. 6, 1938. W. E. Alexander, District Clerk, By: D. T. S., Deputy.

[fol. 143] Order Overruling Plea of Privilege.

In the District Court of Tarrant County, Texas,
96th Judicial District

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

Now on this 6th day of October, A. D. [1838], came on to be heard before the court the pleas of privilege filed herein by Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company, corporations, and the controverting affi-

davits to such pleas of privilege filed herein by plaintiff Thomas H. Miller, intervener Grover C. Spillers and Dan Lydick, Receiver. And it [aopearing] to the court by applications in writing of the above named parties making such pleas of privilege that the parties desire to waive and withdraw the said pleas of privilege and request the court that such pleas of privilege be overruled. It is therefore

Ordered that the pleas of privilege of Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company be and they are hereby overruled.

A. J. POWER, Judge.

Oct. 6, 1938.

[fol. 144] Application of Receiver Tendering Audit Report and for Confirmation of Sales and Foreclosures.

In the District Court, Tarrant County, Texas
96th Judicial District.

Thomas H. Miller, et al.,
No. 21854-A. vs.
American Life Insurance Company.

To said Honorable Court:

Now comes Dan E. Lydick, Receiver, and respectfully shows to the Court:

1.

Attached to this instrument is the original of a certain audit report prepared by Lucien Frith, Public Accountant, and covering the books and records of American Life Insurance Company for the period from July 31, 1938, to August 31, 1939.

2.

The audit covers a thirteen months period for accounting convenience, and consists of nine exhibits reflecting the details of all transactions affecting the receivership estate.

3.

Your receiver respectfully shows that since his appointment he has sold and disposed of various pieces of prop-

erty pursuant to the express orders of the court heretofore entered. All of such sales were completed and carried out exactly according to the terms of the orders of the court and for this reason no individual orders of confirmation have been sought by the receiver or required by the purchasers of such property. Your receiver further shows [fol. 145] that since his appointment and up to and including August 31, 1939, your receiver has caused mortgage liens of American Life Insurance Company to be foreclosed in the method and manner provided by law, and under the terms of deeds of trust securing such obligations. In each and every instance, the Receiver has acted pursuant to the original order of the court appointing the receiver, but desires that the court hear evidence touching upon such foreclosures, and confirm the action of the receiver causing them to be made.

Wherefore, premises considered, the receiver prays that the audit report filed herewith be accepted and approved by this Honorable Court as accurately reflecting the books and records of said receivership estate and all transactions for the American Life Insurance Company as embraced therein, and that the court confirm the action of the receiver in selling pieces of property and foreclosing mortgage liens on property as hereinabove stated.

Respectfully submitted,

DAN E. LYDICK, Receiver,
By: Berl E. Godfrey,
John M. Scott,
Attorneys for Receiver.

The State of Texas,
County of Tarrant.

Before me, the undersigned authority, on this day personally appeared Dan E. Lydick, who being by me duly sworn does on oath state that the facts set forth in the above and foregoing application are true and correct.

DAN E. LYDICK.

[fol. 146] Subscribed and sworn to before me, this 3rd day of Oct. A. D. 1939, to certify which witness my hand and seal of office.

MRS. O. M. MURRAY,
(Seal) Notary Public in and for Tarrant County, Texas.

Filed: Oct. 3, 1939, W. E. Alexander, District Clerk. By: R. S.—Deputy.

[fol. 147] Filed: Oct. 3, 1939. W. E. Alexander, Dist. Clk. By: R. S.—Deputy.

Balance Sheets
as of
August 21, 1939
and
Statements of Receipts and Disbursements
July 31, 1938 to August 31, 1939
Dan E. Lydick, Receiver
for
American Life Insurance Co.

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas.

[fol 148] DAN E. LYDICK,
Receiver.
American Life
Insurance Company

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Consolidated Balance Sheet

Fort Worth And Edcouch Offices

August 31, 1939

Assets

Current Assets

Cash on Hand and in Banks	$ 92,963 19
Accounts Receivable	1,724 47
Notes Receivable–Iowa First Vendor's Lien	146,539 39
Notes Receivable–First Vendor's Lien	147,685 83
Notes Receivable–Parker	300 00
Total Current Assets	$389,212 88

Fixed Assets			
Real Estate — Valley		$3,206,934.77	
Buildings & Improvements	$18,471.23		
Less Depreciation reserve	3,315.02	15,156.21	
Other Real Estate & Improv.		212,498.52	
Equipment & Machinery	$27,509.05		
Furniture & Fixtures	685.75		
	$28,194.80		
Less Depreciation Reserve	19,373.37	8,821.43	
Total Fixed Assets			3,443,410.93
Other Assets			
Notes Receivable		$ 10,516.83	
Land Sales Contract		1,815.00	
Nursery Stock		12,564.31	24,896.14
Total Assets			$3,857,519.95

[fol. 149]

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Consolidated Balance Sheet

Fort Worth And Edcouch Offices

August 31, 1939

Liabilities

Current Liabilities	
Collections on Iowa Notes	$ 34,913.95
Employees' Social Security Tax	2.90
Ad Valorem Taxes, 1937, 1938, 1939	152,033.68
Total Current Liabilities	$ 186,950.53
Fixed Liabilities	
Mortgages Payable on Real Estate (Iowa Notes)	862,586.31
Other Liabilities	
Advance from Home Office	2,239,437.00
Total Liabilities	$3,288,973.84
Capital Investment	568,546.11
	$3,857,519.95

[fol. 150] Exhibit II

Dan E. Lydick, Receiver
American Life Insurance Co.

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Balance Sheet

Fort Worth Office

August 31, 1939

Assets

Current Assets			
Cash on Hand:			
Petty Cash		$ 50.00	
Union Bank & Trust Co*		41,084.31	$ 41,134.31
Accounts Receivable			
Am. Life Ins. Co., Detroit		$ 1,074.39	
Harrison-Advance Re Loan 3759		42.38	1,116.77
Notes Receivable:			
First Vendor's Lien (Iowa)		$146,539.39	
First Vendor's Lien		147,684.83	294,225.22
Total Current Assets			$336,476.30
Fixed Assets			
Real Estate & Improvements:			
Denton	$ 5,108.00		
Fort Worth	116,301.55		
Sherman	11,074.00		
Willacy County	80,014.97	$212,498.52	
Furniture & Fixtures		617.75	213,116.27
Other Assets			
Notes Receivable:			
Second Vendor's Lien		$ 2,717.36	
Personal		3,163.88	5,881.24
Total Assets			$555,473.81

Liabilities & Capital

Current Liabilities		
Iowa Note Collections—Principal	$ 25,147.14	
Iowa Note Collections—Interest	9,766.81	$ 34,913.95
Social Security Tax, Employees'		2.90
Total Liabilities		$ 34,916.85
Capital Investment		520,556.96
		$555,473.81

*See Schedule II-B

[fol. 151] Exhibit— II-B

Dan E. Lydick, Receiver
American Life Insurance Company

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Analysis Of Bank Account

Forth Worth Office

August 31, 1939

Cash on Deposit		$ 41,084.31
Less:		
Principal Collected on Iowa Notes	$ 25,147.14	
Interest Collected on Iowa Notes	9,766.81	34,913.95
		$ 6,170.36

[fol. 152] Exhibit III

Dan E. Lydick, Receiver
American Life Insurance Co.

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Balance Sheet

August 31, 1939

Assets

Current Assets			
Cash on Hand.			
Union Bank & Trust Co, Ft. Worth	$ 3,500.00		
Raymondville State Bank	4,955.14		
City Nat'l Bank, Galveston	4,601.12		
First Nat'l Bank, Raymondville	4,579.03		
Canal Banking Co., Elsa, Texas	1,758.25		
First Nat'l Bank, Grandview	1,763.07		
Texas Bank & Trust Co., Dallas	3,862.91		
Fort Worth National Bank	18,426.37		
Dormant Deposits	$ 43,445.89		
First Nat'l Bank, Edinburg (Operating a/c)	8,357.99		
Petty Cash Fund	25.00	$ 51,828.88	
Accounts Receivable — Miscellaneous		607.70	
Notes Receivable — Parker		300.00	
Total Current Assets			$ 52,736.58
Fixed Assets			
Real Estate		$3,206,934.77	
Buildings & Improvements	$18,471.23		
Less Deprec. Reserve	3,315.02	15,156.21	
Tractors and Equipment	$12,202.75		
Less Deprec. Reserve	9,483.66	2,719.09	
Autos and Trucks	$ 7,927.43		
Less Deprec. Reserve	5,941.99	1,985.44	
Orchard Equipment	$ 6,299.06		
Less Deprec. Reserve	3,357.84	2,930.22	
Rollo Shop Equipment	$ 1,090.81		
Less Deprec. Reserve	589.88	500.93	
Office Fixtures		68.00	3,230,294.66
Other Assets			
Mortgage Receivable WCID#1		$ 4,635.59	
Nursery Stock		12,564.31	
Land Sales Contract		1,815.00	19,014.90
Total Assets			$3,302,046.14

[fol. 153] Dan E. Lydick, Receiver
American Life Insurance Co.

Lucien Frith
Public Accountant
301-2 Capps Bldg.
Fort Worth, Texas

Balance Sheet

Edcouch Office

August 31, 1939

Liabilities And Capital

Current Liabilities		
Accrued Taxes:		
Year 1937	$	23,000.76
Year 1938		46,963.12
Year 1939		82,069.80
Total Current Liabilities	$	152,033.68
Fixed Liabilities		
Mortgages Payable on Real Estate (Iowa Notes)		862,586.31
Other Liabilities		
Advance from Home Office		2,239,437.00
Total Liabilities	$	3,254,056.99
Capital Investment		47,989.15
	$	3,302,046.14

[fol. 154] (Certificate of Clerk to Exhibit A.)

The State of Texas,
County of Tarrant.

I, W. E. Alexander, Clerk of the District Courts of Tarrant County, Texas, do hereby certify that the above and foregoing is a true and correct copy of the record in suit of Dan E. Lydick, Receiver, vs. John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of American Life Insurance Company, and Charles R. Fischer, Commissioner of Insurance of the State of Iowa and Receiver of American Life Insurance Company in the State of Iowa, filed in Cause Number 21854-A, in the Ninety-sixth District Court, Tarrant County, Texas, styled on the docket of said court Thomas H. Miller vs. American Life Insurance Company, as the same appears on file and/or of record in my said office.

Given under my hand and seal of the said Court at office in the city of Fort Worth, Tarrant County, Texas, this the 21st day of December, A. D. 1939.

W. E. ALEXANDER,
Clerk, District Courts, Tarrant County, Texas.
(Seal) By Ethel Stults, Deputy.

[fol. 155] Mr. McGown: If the court please, my attention is called to the fact that we also desire to offer in evidence a certified copy of the cross petition and cross complaint of John G. Emery, Receiver, filed in the United States District Court in the removal proceeding.

Mr. O'Brien: Objected to as wholly incompetent, irrelevant and immaterial.

The Court: Mr. Emery is receiver, the Michigan receiver?

Mr. McGown: Yes.

The Court: All right; it may be received subject to the objection.

[fol. 156] THOMAS M. HEUSS, was called as a witness on the part of the movant, and being first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. McGown:

Q. Your name is Thomas M. Heuss? A. Yes, sir.

Q. Where do you live? A. Detroit.

Q. What is your present occupation or profession?

A. Deputy Receiver American Life Insurance Company.

Q. That is, you are deputy receiver under Mr. Emery, the Michigan receiver? A. Yes.

Q. And where did you live and what was your profession or occupation in the year 1936, Mr. Heuss?

A. I lived in Detroit, Vice President American Life Insurance Company.

Q. As vice president of the American Life Insurance Company at that time, Mr. Heuss, are you familiar with the transactions involved in the acquisition by the American Life Insurance Company of some 28,000 acres of land in Willacy and Hidalgo counties, Texas? A. Yes.

[fol. 157] Q. In the early part of 1936, who was in possession and operating the 28,000 acres of land in Willacy and Hidalgo counties, Texas?

A. American Life Insurance Company.

Q. Was that by operating them actively in the way of farming orchard operations by the company?

A. Well, in the early part of 1936, it had just been real estate under the management of the American Life Insurance Company through foreclosure of the mortgages.

Q. In other words, the title was acquired and possession by reason of the foreclosure of mortgages which the American Life Insurance Company held against the aggregate property? A. That's right.

Q. Now are you familiar with the transaction in the year 1936, by which there was certain subsidiary corporations of the American Life Insurance Company organized in Texas? A. Yes.

Q. Do you know by whom and in what manner the capital of these subsidiary corporations was contributed?

A. It was contributed by the American Life Insurance Company.

Q. Do you have checks or drafts which were used in connection with the capital contribution of the American [fol. 158] Life Insurance Company?

A. I have photostatic copies.

Q. If agreeable, I would like to interpose the photostatic copies of those checks, introduce them. They are photostats of the original ones issued for the dates and so forth.

Mr. O'Brien: Where are the originals?

A. In the files of the company at Detroit.

The Court: He won't object to that. We won't let him. Go ahead.

Q. All right, will you produce the photostatic copies? Now you have handed me, Mr. Heuss, six photostatic copies

of checks drawn by the American Life Insurance Company, the first being dated August 15, 1936, and payable to the Delta-Haven Company in the sum of $1,000, and marked on the check "Capital Stock." Do you identify this copy?

A. Yes.

Q. Now will you state what that check and the funds represented by the check were used for, or represent?

A. They were used for the capital stock of the Delta-Haven Company.

Q. Was that one of the subsidiary corporations organized at that time by the American Life Insurance Company? A. Yes.

Q. I hand you a photostatic copy of a check marked Ex-
[fol. 159] hibit E, can you identify that?

A. That is a check for $1,000 to the Hargill Company for the purpose of subscribing capital stock.

Q. Hargill was one of the subsidiary corporations?

A. Yes, sir.

Q. Here is an exhibit, check marked Exhibit G.

A. That is a check American Life Insurance Company payable to the Raphael Company for the purpose of subscribing to the capital stock.

Q. Was that a similar subsidiary corporation?

A. Yes.

Q. I hand you photostat copy of check marked Exhibit F?

A. That is a check of the American Life Insurance Company for $1,000 payable to the Rayman Company subscribing for the capital stock of that company.

Q. That was another one of the subsidiary companies?

A. Yes.

Q. I hand you photostatic copy of a check marked Exhibit D.

A. That is a check of the American Life Insurance Company for $1,000 payable to the Willaman Company for the purpose of advancing money—

Q. Now were these corporations that you have named all of them subsidiary corporations organized by the American Life Insurance Company at that time?

[fol. 160] A. Well, there were six companies. There is another company by the name of Mestenas Company.

Q. Now was the capital stock of that corporation in like manner contributed by the American Life Company?

A. It was contributed by the American Life Insurance Company and charged against one of the mortgages that was made to this company, and then subsequently it was credited back to the mortgage and charged on the company's books to the expense of the loan department.

Q. Well, your testimony is then that all of the capital of these six subsidiaries was actually contributed by the American Life Insurance Company? A. Yes.

Q. Now at that time what disposition or what transaction was entered into with respect to the 28,000 acres of land and these subsidiary corporations?

A. Well, that land was sold to that subsidiary corporation and paid for by the corporations by mortgages given to the American Life Insurance Company.

Q. Now was all of the 28,000 acres of land conveyed to one or the other of these subsidiaries?

A. I don't remember the exact amount of them. I think it was around 135 acres that was not conveyed.

Q. Out of the whole 28,000?

A. Out of the whole 28,000.

[fol. 161] Q. Now you have stated, I believe, that each of these subsidiary corporations executed mortgages to the American Life Insurance Company? A. Yes.

Q. Were those mortgages executed for the full purchase price? A. Yes.

Q. Now where and who had the capital stock of these corporations after the subsidiary corporations, after their creation?

Mr. O'Brien: Do you have the stock record book, Mr. Heuss?

A. No, I think that is in Texas.

Mr. O'Brien: Well, we think that is the best evidence. I don't know.

Q. Well, do you know, Mr. Heuss, in whose possession the actual stock certificates were kept?

A. Yes, Mr. Leonard, vice president of the company, had possession of them on deposit in the safety deposit box in Edinburg, Texas.

Q. Mr. Leonard was an official of the American Life Insurance Company?

A. Yes, he was vice president and a director.

Q. Now after the transaction after which all of this 28,000 acres was conveyed to one or the other of the sub-
[fol. 162] sidiary corporations, what was done with respect to the continued management of the lands themselves? That is, the operation of the farms and orchards.

A. Management continued the same as it was before.

Q. At the time of the appointment of Mr. Lydick, the receiver for the American Life Insurance Company in Texas, did you have any transactions with respect to the stock certificate covering the capital stock of the subsidiary corporations? A. Yes.

Q. What was that transaction?

A. I am not sure I understand the question correctly.

Q. What transaction did you enter into with Mr. Lydick with respect to the certificates of capital stock of the subsidiary corporation?

A. Prior to Mr. Lydicks' appointment as a receiver, Mr. Leonard was sent to Texas by the Michigan receiver to get the stock certificates from the safety deposit vaults. He did get them out and had them transferred to the American Life Insurance Company and they were left in the possession of the Insurance Commissioner of Texas. The Insurance Commissioner of Texas subsequently sent them to the Insurance Commissioner of Michigan. After Mr. Lydick's appointment as a receiver he requested the certificates for the purpose of defending some threatened litigation down
[fol. 163] there, and they were sent to him.

Q. Now they have not been in your possession or that of the Michigan receiver since that time? A. No.

Q. That is the certificate? A. No.

Q. Now Mr. Heuss, prior to the date of your appointment as receiver, do you know what the custom was of the American Life Insurance Company with reference to the collection of payments of [principle] and interest upon notes which had been physically deposited with the Commissioner of the State of Iowa?

A. Well the company's practice was to merge those funds with all other funds—no particular attention was paid to moneys received on security on deposit with Iowa because they were on deposit there, the collection of those securities was made in the routine manner along with other securities and funds intermingled, no separate bookkeeping.

Q. And all such funds were in fact retained by the American Life Insurance Company? A. Yes.

Q. Prior to the date of the appointment of the receiver in the several courts?

Mr. O'Brien: That is objected to as wholly immaterial, [fol. 164] the Iowa statutes permitting the company to retain the securities prior to insolvency and the income from the securities taken makes no difference here.

Q. Mr. Heuss, one other question. Were the promissory notes deposited by the American Life Insurance Company with the Commissioner and endorsed by the American Life Insurance Company? A. No.

Q. Just a simple deposit? A. Yes.

Q. Now with reference to the extension of notes or other renewal and so-forth, how was that handled by the American Life Insurance Company?

A. I think a copy of the extension agreement was filed with the department of Iowa.

Q. With the Commissioner of Iowa?

A. With the Commissioner of Iowa. I am not sure on that point.

Mr. McGown: That is all, Mr. Heuss.

By Mr. Jennings:

Q. As Deputy Receiver you are in charge of the Home office of the Company, Mr. Heuss? A. Yes.

Q. Following the effective date of the reinsurance agreement November, 1939, what action did you take in [fol. 165] reference to that agreement?

Mr. O'Brien: Objected to as not binding on us as to what he did or did not do.

The Court: Well, we will take the evidence. You may answer, Mr. Heuss.

(Question read by the reporter.)

A. I asked the Insurance Commissioner who is the receiver to send me instructions to cooperate with the American United Life Insurance Company in carrying out the terms of the reinsurance agreement.

Q. Did you notify all of the policyholders of the company of the agreement? A. Yes.

Q. Sent them copies? A. Yes.

Q. And since November 1939, who handled the pay roll for the company from then on, you or the reinsuring company? A. The reinsuring company.

Q. What was the duty of this cashier in the State of Iowa, up to November 19, 1939?

A. Well, she—her work was the same as it had been before the company became insolvent, renewal and premium collections, were sent to her for policy holders in this territory, and she acted as branch office manager in the collection of premiums.

[fol. 166] Q. She collected from not only the Des Moines group, but the Detroit policyholders in the State of Iowa?

A. Yes, sir.

Q. Now following the 19th of November, 1939, to whom did she remit premiums?

A. Well, she was working under the heads of the department in the insurance department. I cannot say definitely what routine has been followed since the reinsurance treaty of November 19th, but I presume she has remitted in the name of the American United Life Insurance Company.

Q. What did you do with all of the premiums that you had on hand November 19, 1939?

A. Segregated premiums or—

Q. Yes.

A. Well we turned over $900,000 worth to the American United Life Insurance Company and still have the balance in the receivership.

Q. Hasn't the American United Life Insurance Company made the collection on all premiums since November 19th? A. Yes.

Q. And deposited them in their premium account in Detroit? A. Yes.

Q. Now is there anyone aside from yourself and counsel on the pay roll in charge of the receivership of the Ameri-

[fol. 167] can Life Insurance Company at the present time?

A. No.

Q. And this cashier in Iowa, likewise is on the payroll and has been since November 19th for the American United Life Insurance Company? A. Yes.

Q. Did you make for me a schedule of the distribution of the Des Moines group of policy holders as to the state?

A. Yes.

Q. I show you Exhibit H, and ask you if that is a photostatic copy of the schedule you made? A. Yes, it is.

Mr. Jennings: I offer in evidence Exhibit H.

Mr. O'Brien: Objected to as being wholly incompetent to any claims—

Mr. Jennings: I expect to use it in argument.

The Court: We will admit it

Mr. Jennings: That is all of the questions I have.

By Mr. O'Brien:

Q. Mr. Heuss this subsidiary company and the six subsidiary companies had officers and directors, did they not?

A. Yes.

Q. And they had a regular stock book and a stock trans-
[fol. 168] fer book? A. I presume so.

Q. And stock was issued in each of these corporations?

A. Yes.

Q. Now while I still think that the best evidence would be the record, what is the fact as to whether or not these shares were issued to the American Life Insurance company or to individuals?

A. They were first issued to individuals and indorsed in blank and given into the control of Mr. Leonard.

Q. And to whom were they issued?

A. Sonja B. Smith, ten shares; E. D. Pinkston, ten shares and George Leonard eighty shares.

Q. And that relates to the execution by the six companies? A. Yes.

Q. Now as to the management of this company, when you say that was the same management as prior to the organization of these corporations, the business of each of the corporations was kept separate, was it not? A. Yes.

Q. And there was a separate accounting of each of the corporations? A. Yes.

Q. And all of the business of each corporation was accounted for in that manner?

[fol. 169] A. Yes.

Q. Now did the several corporations or one corporation pay the employees of the corporation, do you know?

A. I think that was divided according to their respective land holdings and prorated.

Q. Did the Michigan Commissioner of Insurance approve the organization of the six subsidiary holding companies? A. I think not.

Q. Now the securities that were deposited in Iowa, were the original mortgages on lands held by each of the corporations that had been transferred by the American Life Insurance Company by deed to each of these corporations, is that correct? A. Yes.

Q. And a mortgage and note in each instance was made by this corporation and payable to the American Life Insurance Company? A. Yes.

Q. And those original notes and mortgages were some of them deposited in Iowa as a part of those deposited?

A. Yes.

The Court: Well those are vendor notes, purchase price notes, as I understand it?

A. Yes.

Q. That's right. Now as to Exhibit Number H, can you [fol. 170] tell the court what the fact is as to whether or not all of the policy holders described in that exhibit at the time of the making of the reinsurance agreement, were or were not residents of the state of Iowa?

A. No, that was seventeen—eighteen years ago and they have moved all around since that.

Q. But I mean originally they were all, were they not, residents of the state of Iowa, as of 1921?

A. I think not.

Q. You think some of them had moved before that?

A. Well the American Life Insurance Company of Des Moines operated outside of the state of Iowa.

Q. Well they didn't have much business in any other state, did they?

A. Well they had a substantial agency in Oklahoma and one in Oregon and one in Washington.

Q. Is that where you got those Oklahoma oil wells? I think that is all, Mr. Heuss.

The Court: Anything else, Mr. Jennings?

By Mr. Jennings:

Q. Mr. Heuss, can you tell me whether substantially all of these policy holders described in Exhibit H, has accepted the reinsurance agreement?

A. Yes, there have only been a few dissenters.

Q. And have they filed claim with the Michigan receiver [fol. 171] for the cash surrender value of their policies?

A. Yes.

Mr. Jennings: That is all.

By Mr. O'Brien:

Q. There was one more question, Mr. Heuss. Did Martha send the summons and complaint in this case to you?

A. I don't remember, but I think it was sent to Mr. Egbert, who is now in the employ of the American United.

Q. Now as a matter of fact, the American United was enjoined from taking over some of this property and it reverted back to the receivership, didn't it? A. Yes.

Q. And what is that situation now?

A. Suit was dismissed for lack of jurisdiction by the Wayne County Circuit Court and it has been appealed to the Michigan Supreme Court.

Q. And who is running the business now, pending the decision of that suit? The receiver or the American United or both? A. The receiver is responsible for it.

Q. And running it, so that at the moment, by reason of that suit, the contract of reinsurance is not and has not been effective in completing the transfer of the business to the reinsuring company, isn't that true?

A. That is correct.

[fol. 172] Mr. O'Brien: That is all.

By Mr. Jennings:

Q. Mr. Heuss, following your restraint in the Wayne County Circuit Court, wasn't there a modification of it that just prevented the reinsurance company from paying death claims?

A. Well the injunction was modified to the extent of permitting them to meet pay rolls.

Mr. O'Brien: And costs of maintenance and to make collections on property and insurance accounts.

Q. Premiums? A. Premiums.

Q. And so the fact was that they could do everything except pay the death claims, which the reinsurance agreement provided for?

A. Well I believe they are prevented from carrying out any of the terms of the reinsurance agreement with policyholders.

Q. Yes, but they do collect premiums, do they not?

A. They do collect premiums.

Mr. O'Brien: Are the premiums on what has been called the Des Moines business, segregated or is that all put into the general pot.

A. Well it is segregated as a bookkeeping item, but the cash is in the receiver's general account.

[fol. 173] Mr. Jennings: Not segregated?

A. No.

Mr. Jennings: That is all.

Witness excused.

JOHN M. SCOTT was called as a witness on the part of the movant, and being first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. McGown:

Q. Where do you live, Mr. Scott?

A. I live at Fort Worth, and I am one of the attorneys of record for Dan E. Lydick, receiver, appointed by the United States District Court of Tarrant County, Texas.

Q. When did you become counsel for Mr. Lydick and the Texas receiver, one of the defendants in this case?

A. I became counsel by virtue of an order of appointment, which order was entered July 29, 1938, and I and D. E. Guthrie were named as attorneys for the receiver.

Q. Now what has been your connection with the administration of the property of the receivership in Texas by Mr. Lydick, since July 31, 1938?

A. I have been in close association with Mr. Lydick and have been with him personally at the time when he took [fol. 174] possession of the properties for which he was appointed at all times material to the discharge of his duties except ordinary administration details on which he required no assistance.

Q. Now were you present with Mr. Lydick when he entered upon and took physical possession of what we term the valley lands, and the 28,000 acres of land in Hidalgo and Willacy counties Texas?

A. Yes, sir; on or about August 1, 1938, I went with Mr. Lydick to the Rio Grande Valley and to the American Life Insurance Club House located outside of Edinburg, and there we exhibited the order of our appointment and took possession of the club house and the equipment in it, and approximately 28,000 acres of land surrounding it and the books and records of account of the American Life Insurance Company at that office, and the books and records of accounts including the corporate minutes of the subsidiary Texas corporations referred to in previous testimony.

Q. Now are you familiar with the character of the administration by Lydick, as receiver, of this 28,000 acres of land in Hidalgo and Willacy counties, Texas?

A. Yes. The land is more or less in a contiguous tract and a part of it, about 2500 acres of it is in citrous orchards, about 5,000 acres of the land is brush land, and [fol. 175] about 20,000 acres of the land is cotton land. Mr. Lydick has operated the entire tract as a unit as the American Life Insurance Company and its subsidiary companies have done before his appointment. The tracts of land owned by the subsidiary corporations were not fenced or blocked off in any way except that subsidiary corporations in general would want tracts more or less connected. That is, they owned in one given area. The operations have been carried on by Mr. Lydick with a large number of hands employed, about thirty field hands and the use of a number of tractors and other farm machinery that the American Life Insurance Company, or the subsidiaries had there and the whole property has been operated as one unit, without reference to whether or not one given tract was owned by a subsidiary or was subject to any given claim or lien.

Q. Now with reference to 7,000 approximately acres of land described in mortgages claimed by the subsidiary corporations and reflected by notes in the possession of the Iowa receiver, is that land in any way segregated from

the remaining portion of the 28,000 acres in respect to management, operation and control?

A. No, sir; it is not, and as a practical matter it would not be.

Mr. O'Brien: I move to strike that as counsel's con-
[fol. 176] clusion, because he is not shown to be competent as a farmer, but is all right as a lawyer.

Q. Now with reference to the other assets and property of the American Life Insurance Company, taken over by Mr. Lydick, on or about the date of his appointment, are you familiar with what those assets and properties consisted of, in general terms?

A. Yes, I think what is material here, will consist of some notes, executed by individuals who live in the Rio Grande valley and secured by the land in the Rio Grande valley. That is, we had administered those debts, I don't mean to take possession of the notes, but we had administered those debts as assets of the company, and then we took possession of some debts owed by individuals living in Texas and principally in Tarrant, Dawson and Carson Counties, Texas, secured by individual tracts of land in their names, mortgage debts, so we took possession of real estate standing in the name of the American Life Insurance Company, which it had acquired through foreclosure and then of course, we took possession of the rather nominal cash balance in the name of the American Life Insurance Company in Fort Worth and the substantial cash balance in the name of some one or more of the subsidiary corporations in the Rio Grande Valley.

[fol. 177] Q. Now did the American Life Insurance Company maintain an office in Fort Worth, Texas, at the time of the appointment of Lydick as receiver? A. Yes, sir.

Q. What character of records were in that office with respect to the mortgages and debts which were being serviced by that office?

A. Well I don't know whether there was any indication in the Fort Worth office that any part of the debts were deposited in Iowa, I don't know about that. The Fort Worth office's principal business was collecting on notes due and payable to the American Life.

Q. Did the Receiver Lydick, take over all the books and records? A. Yes, sir.

Q. And have they been continually in his possession and control? A. Yes, sir.

Q. Now generally, Mr. Scott, what has been the treatment that has been accorded the obligations which Mr. O'Brien has complained about as set up as being owed, or notes executed by regular individuals in Texas?

A. Mr. Lydick has administered those debts in the same manner and to the same extent as debts in deposit with the Iowa Commissioner and of course, in the course [fol. 178] of that administration, he has collected [principle] and interest payments and in a great number of cases, notes and liens were put back and he has negotiated renewal agreements; he has foreclosed on some parcels of real estate securing those debts and has taken possession of the real estate and rented it, and in general has advanced in any way upon the administration of the general assets and the assets described in the complaint here.

Q. Now in respect to what, if any, of those transactions have been in pursuance to agreements made with Commissioner Fischer?

A. Well it has been the intention of Mr. Lydick and Mr. O'Brien, to conserve the business of the company and to handle the matter properly until this controversy could be worked out, so that in the collection of moneys due on these notes, Mr. Lydick has deposited those separately; he has maintained an expert [account] for that and has executed agreements with Mr. Fischer, which agreements in substance provided that there is a controversy between them, respecting the ultimate manner in which they shall be distribtued, and that pending such distribution, or rather pending the adjudication of that controversy by a court of competent jurisdiction, the collection by Mr. Lydick shall continue.

[fol. 179] Q. Now with respect to the notes described in Commissioner Fischer's complaint, as being executed by holding companies, has any interest or [principle] ever been paid on any of those notes?

A. You mean since the appointment of the receiver or—

Q. Yes.

A. No, there has been nothing paid on the [principle] and interest on those notes since the receiver was appointed and no claim has been asserted in the receivership, there being no one asking such.

Q. Have you examined the records or details in connection with the exact character of the documents of record, with respect to the notes executed by the subsidiary corporations?

A. I have, yes, but I believe I better not testify about that, since my recollection of it is different than Mr. Heuss, and I would not be positive about something which I paid no particular attention to.

Q. Now do you recall anything with respect to the dissolution of these subsidiary corporations?

A. Yes, sir; when we reached the valley, immediately after his appointment in Texas, we found there were cash balances in the bank in the name of the subsidiary companies and the Texas court, by a supplemental order, dated, as I recall, August 2, 1938, extended the receiver-[fol. 180] ship of the American Life Insurance Company to include all of the property and assets of the six subsidiary corporations. Process was issued upon the application of Lydick, the receiver, that that action be taken and served upon the officers of the subsidiary corporations who appeared in the Texas court and did not contest the order. The order was extending the receivership and that order accordingly became final. Later about—well I forget the date, but sometime later, Mr. Lydick found that the continued [maintainence] of separate corporate units served no useful purpose, resulting in undue taxes and upon application and order of the 96th District Court those six corporations were dissolved, according to the requirements of the statute governing them.

Mr. O'Brien: You say the U. S. District Court?

A. The 96th District Court. Those corporations were dissolved and the assets in their name were thereupon treated as assets of the American Life Insurance Company.

Q. Prior to that time all of the assets where they had been actually existing, were in the physical possession and under the control of Mr. Lydick, were they not?

A. Yes, and they were controlled by Mr. Lydick as receiver of the subsidiary corporation and as receiver of the American Life Insurance Company.

Mr. McGown: That is all.

[fol. 181] Cross-Examination.

By Mr. O'Brien:

Q. No notice of intention in connection with the dissolution matter was ever attempted to be served or was served upon the Iowa Receiver, Mr. Fischer, was there?

A. No. No legal notice or process of any kind. As a matter of cooperation, I believe I had advised and consulted him about it, but I would not be sure about that. The letter was perhaps addressed to him, but no legal process.

Q. Now John when you say Mr. Lydick took possession of the debts, insofar as that relates to the Iowa receiver, what did he take possession of?

A. You are asking me a question of law?

Q. Actually, is what I mean.

A. Mr. Lydick's order of appointment directed him specifically to collect from citizens of Texas, any moneys due to the American Life Insurance Company, and Mr. Lydick has complied with that direction.

Q. And so far as the Iowa receiver is concerned, the Texas receiver has been collecting the]principle] and interest on mortgages that the note and mortgage are in the possession of the Iowa receiver, isn't that true?

A. I am advised that they are in their possession. I [fol. 182] assume that is so. That is, the piece of paper evidencing the debt and the lien on the property, was in his possession.

Q. And in no event, so far as it relates to the notes and mortgages claimed by the Iowa receiver to be in his possession, these notes and mortgages are not in the actual physical possession, I mean, of the Texas receiver, are they?

A. The piece of paper evidencing the debts are not and have never been.

Q. That is what I mean.

A. The obligations have been collected by him, administered, extended, renewed as required and in some cases foreclosed. Taxes due on the property have been subject

to his administration. I think that we have appeared before the various tax authorities and endeavored to compromise and adjust that matter so that so far as collecting the notes, renewing them, administering them, realizing on them, that function has all been exercised by Mr. Lydick.

Q. But he doesn't have physical possession of the paper evidencing the promissory note?

A. So far as I know, he doesn't.

Q. And this debt relates to the Iowa Receiver?

A. Yes, sir.

Mr. O'Brien: That is all, Mr. Scott.

[fol. 183] Thomas H. Heuss was recalled for further examination and testified as follows:

By Mr. O'Brien:

Q. Mr. Heuss, just for the information of the court, can you tell the court what are the net equities of the policies of the company, including all policies, are in Texas, generally figuring?

Mr. Henry: I don't understand the question; resources owned by Texas policy holders?

Mr. O'Brien: Yes, that are not residents of Texas.

A. I think I have a memoranda of it. It is approximately 135,000.

Q. And approximately what are the assets in Texas to protect those reserves?

A. Something over three and a half million, book values.

Q. And as a matter of fact, aren't a third of those reserves [are] reserves on policies of the old Des Moines company business, isn't that correct?

A. The old Des Moines company business, total insurance in force, approximately 95,000; reserves 42,000.

Q. 42,000? A. Yes.

Q. And the total was what? A. 135,000.

[fol. 184] Mr. O'Brien: That is all, Mr. Heuss.

The Court: Anything further, Mr. McGown or Mr. Jennings?

Mr. Jennings: I have nothing further.

Witness excused.

Mr. McGown: If the court please, we have with us an appraisal of the Texas property which has been made and filed in the receivership proceedings in Texas and approved as an official appraisal by that court. It is somewhat voluminous and we don't want to encumber the record with all of it, but we should like to be permitted to refer to it here in connection with the argument as appraised values in connection with certain items.

The Court: Well you can introduce it in evidence and then I will release it, and then you can refer to it or read any part of it you want to. Can you identify it in some way? You can introduce it and it will be available at any time.

Mr. O'Brien: I don't believe that there is any dispute between the parties but what the Iowa receiver has the original promissory notes and as it relates to each of these securities mentioned.

The Court: Have you urged it in your pleadings?

Mr. O'Brien: I have urged it in my pleadings.

[fol. 185] Mr. Jennings: I will state that that is a fact.

Mr. Scott: Well we state that he has possession of certain pieces of paper, but the complaint likewise sets up amounts that is a balance due and there has been some authorization in that due to the fact that the Texas receiver has made collections, so that the balance as now due, does not agree with the figures set forth in the complaint. We do not desire to make a particular issue of it, except to point out that this appraisal may modify it.

The Court: I am not trying the case, we are not going to go into detail, but in general these papers that he claims to have in his possession and the receiver of Iowa, who does really have them. Of course we are not trying the case today I guess. Well is there any other evidence than that you have? Or Mr. O'Brien, do you want to put in any?

Mr. O'Brien: I may want to call this agent, Martha McClure.

The Court: That was the girl that Mr. Heuss spoke of. You didn't ask him if that was the same person who had

accepted or on whom this notice had been served. I don't know as he would know.

Mr. O'Brien: I don't think he would. I might want to [fol. 186] call her.

The Court: When are you going to make up your mind? Well you gentlemen want to argue this orally this afternoon anyway, so I guess we will recess until 2:00 p. m.

Afternoon Session, Monday.

March 25, 1940. 2:00 p. m.

Mr. Jennings: Just to clear up the testimony of Mr. Heuss, I just want to put in some exact figures of the Des Moines group. Subsequent to the reinsurance contract there was sixty-six and that amount to insurance of $96,000. Now prior to the reinsurance agreement and during the process of the receivership in Michigan, twenty-four of the Des Moines group, representing $33,500 ordinary insurance, filed claims for cash surrender value. That had nothing to do with the reinsurance contract.

The Court: Well there was some statement that they had consented to the arrangement. I presume that statement is made that they all had notice of it, but these were the only people—

Mr. Jennings: That is right, your Honor, and in the notice they were given prior to February 9, and then they gave notice that if it is not filed by ten o'clock to come in under the reinsurance agreement—but there was only sixty- [fol. 187] six gave notice that they dissent from the reinsurance and filed claim with the Insurance Commissioner.

Mr. O'Brien: We object to the statement for the reason that it is immaterial to any issue in this proceeding.

The Court: Was there any evidence that you had in mind?

Mr. O'Brien: This young lady, my partner is not here and she is to be called, but I want to ask Mr. Scott one more question, if I may recall him.

JOHN M. SCOTT was recalled for further examination and testified as follows:

Cross-Examination.

By Mr. O'Brien:

Q. Mr. Scott, the proceedings of the suit in Texas have been mentioned. For the information of the court, will you state the present status of the suit in Texas?

A. Well there is no suit in Texas, at least we contend there isn't. The Texas court entered an order and its non-resident notice to Mr. Fischer and Mr. Emery in their financial capacity, to appear in the Texas court and assert whatever claim that they might have in and to the property and the custody of that court. The order was issued on an ap- [fol. 188] plication of the receiver, setting up that he had certain property in his possession and that he was advised that some claim to that property was being made by these two commissioners and that in order for the receiver to go forward with the re-organization of the company or whatever the court might order, it is necessary that the claim be limited and definite. Based on that application, the order was entered and a non-resident notice served on the parties. They appeared in the Texas court and filed a petition to remove and the order was entered ordering that proceeding, that is the application to issue to show their claim and remove to the United States District for the Northern District of Texas. The removing petitioner prepared their transcript and filed it down there and within the time required by the receiver, Lydick filed a motion to remand that proceeding to the state receivership court, which motion to remand is still pending and it is set for hearing on April 24. There was also filed in the proceeding, after it was removed to the federal court, a cross complaint by Mr. Emery, as Commissioner, against Mr. Fischer, alleging that he, Emery was the domiciliary receiver and in respect to the assets in Lydick's possession, he was entitled to receive those assets and apply them to the purposes [fol. 189] specified by the domiciliary court, notwithstanding any claim Mr. Fischer might have to the assets.

Q. There was also filed, was there not, in behalf of the Iowa receiver, a special appearance, objecting to the jurisdiction of the United States court there? A. Yes.

Q. And the motion to dismiss that proceeding, subject of course to the ruling on the motion to remand? A. Yes.

Mr. O'Brien: That is all. I might just ask another question of Mr. Scott while I think of it. Mr. Scott, the American United Insurance Company of Indianapolis, is not a party to whatever the proceeding may be in Texas that you have just described?

A. No, the American United is not a formal party.

Q. And the only parties to that proceeding are the Michigan receiver and the Iowa receiver, is that correct?

A. Yes, sir; and the Texas court.

Mr. O'Brien: That is all. We will offer no [fur-[—]] testimony at this time.

Witness excused.

Mr. Jennings: I want to ask another question of Mr. Heuss.

[fol. 190] THOMAS M. HEUSS, recalled for further examination testified as follows:

By Mr. Jennings:

Q. Since the reinsurance contract became effective on November 19th last year, how has the branch office in Des Moines been handled?

A. Been handled under authority of the American United Life Insurance Company.

Q. And who has paid the rent for the space?

A. The American United Life Insurance Company.

Q. And the salaries? A. The American United.

Q. And there has been no change made from that because of any injunction proceeding or anything of that kind? A. No.

Mr. Jennings: That is all.

By Mr. O'Brien:

Q. The money that was paid for the services rendered however was the [monty] that was turned over to the American United Life by the Michigan receiver and not through any separate funds of the American United Insurance Company of Indianapolis, Indiana, is that true, Mr. Heuss?

A. It all counts out of the funds of the American Trust.

Q. And the American Trust or the American fund was [fol. 191] the money and assets of the American Life Insurance Company for which you are acting as Deputy Receiver? A. Yes.

Q. So, if in some particulars that agreement were not effective, it would be really the money of the American Life Insurance Company, money in the custody of the Michigan receiver? A. That's right.

Mr. O'Brien: That is all.

The Court: Well I guess we can say the evidence is closed. I will hear from you gentlemen on the legal proposition on the jurisdiction.

(Whereupon the matter was argued on behalf of the movant by Mr. Jennings, by Mr. Scott and by Mr. Henry.)

The Court: (Following the arguments of counsel) Well gentlemen, I don't think there is any necessity to go any further in this matter. You gentlemen have so clearly presented your views about it and have gone into it so in detail that I am perfectly able to understand your position, but the trouble with it is that it doesn't seem to make any dent on me at all.

I think there is some reason for that as you gentlemen who are advocates on your side, do not readily observe; and the first is, we mix the question a little on the merits and [fol. 192] on the question of jurisdiction. It may be that when the evidence is in that certain positions that you take as shown by the evidence, will oust this court of jurisdiction, which will be the same thing as the trial on the merits. I cannot get it into my head that any decision that would be rendered in the Texas Court would necessarily be determinative of the suit here. Then there is another matter that appeals to me, and that is, I don't see why you would want, as far as the Michigan receiver is concerned, to take this out of the courts of Iowa, because if I dismiss this as to the jurisdiction,—on jurisdictional grounds,—the receiver here in Iowa, is not going to turn over this property to you and you cannot get it any other way except by coming into Iowa and bringing some sort of a suit. You had just as well have it determined now as to determine it later.

It is a very important matter and it is a most interesting matter it seems to me, and that is not any of my business of course, but I cannot see, and I have listened very attentively, any reason for an abatement on account of the Texas suit because I don't think that even if the court down there determines that that money belongs to the local receiver, I don't see how that can affect this court. And then we [fol. 193] don't know yet that the receiver here is going to enter a general appearance down there and be bound by anything. They can withdraw and the court down there can decree, if he wants to, that that money belongs to the receiver down there, yet it does not protect him. The Texas receiver can go out and collect this money, but I don't know how you are going to keep this Iowa receiver from taking his mortgages and notes down there and suing the same people and collecting them over again. Of course, that is getting into the merits.

These parties are entitled to a lawsuit; they are entitled to have a hearing on it and have these questions determined some place and it is surely the law, as I understand it, that if a man pays money to someone who does not have the evidence of that indebtedness in his possession, it does not pay the debt. So if you fellows would get away from that $40,000 that you have, unless you have the evidence of the indebtedness up here to cancel, the man that you collect from will have an obligation and may have to pay again. So I would think you would want to settle this question some place and find out where you are. You [gnetlemen] know very well that you have to have determined sometime, as to the effect of the Iowa law on these deposits that are here in the hands of the receiver, and that in order [fol. 194] to go out and collect on them that you cannot do it unless you get these evidences of debt in your possession. [You] right to proceed makes you depend on them, and unless they turn it over to you to make collections, why it is more than a cloud. You are claiming an absolute right in it. Now of course, you can stay out if you want to.

There is another thing, you argue of course, and I think a portion of the basis of your argument is that you figure this is a personal action. Mr. O'Brien here in his opening statement said perhaps I have gone farther than we

should in this suit. But at least part of the suit is a rem proceeding based upon the time that an Iowa Statute says that the title to this property is in the State of Iowa, and that contract is and was in every policy that was issued in the State of Iowa. Now that is where we get into the merits. That is a matter of trial on the merits, it has nothing to do with jurisdiction. For if true that the title to these securities is in the State of Iowa and they were assigned to the Michigan people and then this suit was commenced on its merits, the merits determines the jurisdiction. You can call it whatever you want to, but it is a matter of trial on the merits.

Now I think Section 57 does apply. I cannot see but what there are parties here claiming through the loans, [fol. 195] claiming of course in the receivership in Texas,—so that while they don't say here in evidence that they are making any claim, that they don't care whether these evidences of indebtedness are in their possession or not, yet the petition on which the attack is made does say that the Iowa receiver has the evidence of these indebtednesses here and you are saying, "We are going to make collections on them." Well then you are certainly here making some claims of right to the property that these people have got up here. There is a cloud there. There may be some question about the real estate, but there is a lot of individual indebtedness outside of the title to the real estate, which I think makes a rem proceeding.

Of course counsel calls my attention that the suit is really not in rem, but principally in personam. If your suit is primarily in personam, you could not get jurisdiction by having merely brought the suit in rem. It has bothered me a great deal in other cases, cases where rem proceedings were brought solely for the purpose of making people come in and defend and when they got them into court, then they get them in personam there for trial. I realize that. But with all of this tremendous amount of securities held by the receiver in Iowa—three million—I could not say that this rem proceeding was not brought in [fol. 196] good faith. Now you can, I think, disregard this suit. What they can do under this Section 57—after all the notice to you receivers is—what was it some courts call it,

an advisory notice? That was not just it. Now this proceeding is going on here in Iowa. You didn't need to come in here if you didn't want to. If you didn't come in, there will be a decree of course, quieting title to these securities in the Iowa receiver, telling him to keep it here. But you don't need to come down here if you don't want to. They are not suing the receiver, they are just giving you notice of what is going on here. If you want to come in all right, and if you don't want to, it is all right. That is for you to determine, but it takes out of it the element which you gentlemen so finely argued here, that the Iowa Receiver could not bring suit against the receiver in any other state. That might be true of a suit in personam, but you have still the question that neither the court in Michigan or Texas can convey the property in this state and take charge of it. You can not get out injunctions against interfering with the property in this state, because you have no interterritorial jurisdiction as against the receiver in this state that I know of. That gets us clear back to the merits of it. So that you have got the question. Before you can determine jurisdiction, you have to determine the fact questions on the [fol. 197] merits.

You have got a very interesting question, I would rather some other judge would determine it, but it looks like you ought to face the music and find out what you have got to do. It has got to be determined sometime below and no doubt by the appellate courts, as to just what are the rights of this state in this fund deposited here in Iowa, and in keeping with the policy of the legislature to declare it such before these policies were issued, and which, as I have said, as I understand the law makes them absolutely a part of the policy itself. When the property was transferred—now I am getting into the merits which I don't know whether they are true or not—these become a lawsuit to transfer to Michigan. The assignment order carries with it the question of the title to these securities, whether it carries the title or only what chose of action, what rights, whatever they are, is in this property, it carried them.

What are they? I don't believe anybody knows. You haven't attempted, of course, to go into that question, but

there is a rem proceeding here and it seems to me from all that has been said, it is brought in good faith, and they certainly have a right to bring it and give notice to receivers [fol. 198] or administrators or anybody else in any other state. I have had that up. If you want to go on then, the question of whether or not you go further with the determination of questions that have to do with decisions of questions in personam—but there is enough of a bona fide res here, that I could not dismiss it on these motions.

So gentlemen, the several motions, the special appearance, the motions to dismiss by the several defendants, will be severally overruled, but without prejudice to raising the same questions by answer if you care to do so, in which you should have the right, of course, of attacking jurisdictional questions at any time. It is hardly necessary to put that in,—to all of which, of course, each of the defendants severally except.

[fol. 199] (Certificate of Reporter.)

State of Iowa,
County of Polk—ss.

I, Vernon L. Grant, a certified shorthand reporter do hereby certify that I reported correctly in shorthand the hearing of the above entitled case before Hon. Chas. A. Dewey, Judge, on March 25, 1940; that I afterwards transcribed my shorthand notes so taken and that the above and foregoing is a full, true and complete transcript thereof, and, together with the exhibits therein referred to, constitute all of the testimony taken at said time and place.

In witness whereof, I have hereunto set my hand this 9th day of April, 1940.

VERNON L. GRANT,
Notary Public in and for Polk County, Iowa.

[fol. 200] (Answer of Defendant Dan E. Lydick, Receiver of American Life Insurance Company.)

Filed in U. S. District Court, April 20, 1940.

In the United States District Court for the Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

File No. 65. vs. Civil Action.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

Subject to all objections to the jurisdiction of this Court over the person of this defendant and over the subject matter of plaintiff's complaint, as such objections to the jurisdiction are contained in the motion of this defendant filed herein on the 18th day of February, A. D. 1940, and still insisting upon the validity of such objections, now comes Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, one of the defendants in the above entitled and numbered cause, and files this his answer in response to plaintiff's complaint on file herein, and with respect would show to the Court as follows:

1.

Defendant would show to the Court that plaintiff is the Receiver only of those assets of American Life Insurance Company which are situated within the State of Iowa, and that the receivership in which plaintiff was appointed Re- [fol. 201] ceiver is in fact and at law but an ancillary receivership to that of the domiciliary receivership of the American Life Insurance Company which is now pending in the Circuit Court of England County, Michigan. In other respects the allegations contained in paragraph 1 of plaintiff's complaint are admitted.

2.

Defendant admits the allegations contained in paragraph 2 of plaintiff's complaint.

3.

Defendant admits the allegations contained in paragraph 3 of plaintiff's complaint.

4.

Defendant admits the allegations contained in paragraph 4 of plaintiff's complaint.

5.

Defendant admits the allegations contained in paragraph 5 of plaintiff's complaint.

6.

Defendant has no knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 6 of plaintiff's complaint.

7.

Defendant admits the allegations contained in paragraph 7 of plaintiff's complaint.

8.

Defendant has no knowledge or information sufficient to form a belief as to the truth of the allegation that "there were on deposit with the Insurance Commissioner of the State of Iowa, to cover the net cash value of the policies of the American Life Insurance Company of Des Moines as of August 24, 1921, securities of the face value of $2,930,840.71, as of December 27, 1922, securities of the face value of $3,241,426.00, and as of October 24, 1923, securities of the face value of $3,397,205.00". In other respects [fol. 202] the allegations of paragraph 8 of plaintiff's complaint are affirmatively denied.

9.

Defendant admits the allegations contained in paragraph 9 of plaintiff's complaint.

10.

Defendant admits that on October 30, 1939 the District Court of Polk County, Iowa, entered an order appointing

Charles R. Fischer as Receiver for the American Life Insurance Company in Iowa. In respect to the other allegations contained in paragraph 10 of plaintiff's complaint, defendant has no knowledge or information sufficient to form a belief as to the truth of such allegations.

11.

In respect to the allegations contained in paragraph 11 of plaintiff's complaint, defendant would show that on July 31, 1938, pursuant to the proceedings had in cause No. 21854-A, styled Thomas H. Miller, Et Al. vs. American Life Insurance Company, in the District Court of Tarrant County, Texas, 96th Judicial District, this defendant was appointed Receiver of American Life Insurance Company in Texas, the appointment of this defendant as Receiver relating back and taking effect as of the 29th day of May, 1938, the date upon which the petition for receivership was filed and the date upon which the District Court of Tarrant County, Texas, 96th Judicial District took affirmative jurisdiction over the cause of action there presented. In other respects the allegations of paragraph 11 of plaintiff's complain are admitted.

12.

Defendant admits the allegations contained in paragraph 12 of plaintiff's complaint.

13.

Defendant admits that certain securities were deposited with the Insurance Commissioner of the State of Iowa under the terms of the contracts attached as Exhibits "C", [fol. 203] "D" and "E" to the complaint. Defendant specifically denies that such deposit was in conformance with the deposit laws of the State of Iowa. Defendant has no knowledge or information sufficient to form a belief as to the truth of the other allegations contained in paragraph 13 of plaintiff's complaint.

14.

Defendant has no knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 14 of plaintiff's complaint.

15.

Defendant has no knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 15 of plaintiff's complaint.

16.

Defendant admits the allegations contained in paragraph 16 of plaintiff's complaint.

17.

Defendant admits that the evidence of indebtedness as described in Exhibit "L" of plaintiff's complaint since on or about the 17th day of June, 1938, have been in the physical and manual possession of the Insurance Commissioner of Iowa, but specifically denies that such securities are now or have been in the possession of Charles R. Fischer, as Receiver for the American Life Insurance Company. Except as here admitted the allegations of paragraph 17 of plaintiff's complaint are denied.

18.

Defendant has no knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 18 of plaintiff's complaint.

19.

Defendant denies the allegations contained in paragraph [fol. 204] 19 of plaintiff's complaint.

Wherefore, premises considered, defendant prays that the plaintiff take nothing by his action and for all costs in this behalf expended.

Defendant further prays for such other and further relief, both special and general, either at law or in equity to which he is justly entitled.

DAN E. LYDICK,
Receiver of American Life
Insurance Company,
By: B. E. Godfrey,
Attorney for said Defendant.

Affidavit of Service.

State of Texas,
County of Tarrant.

B. E. Godfrey, being duly sworn, deposes and says: That he is one of the attorneys of record for Dan E. Lydick, Receiver of American Life Insurance Company, one of the defendants in the above entitled and numbered cause; that affiant on this the 18th day of April, 1940, deposited a full, true and correct copy of the above and foregoing answer in the United States Post Office at Fort Worth, Texas; that said copy was enclosed in a sealed envelope with postage fully prepaid, addressed to each person hereinafter named at his respective address as hereinafter given, to-wit:

Clayton F. Jennings, Att'y.,
Shields, Ballard, Jennings & Taber,
1400 Olds Tower Building,
Lansing, Michigan.

Willis J. O'Brien, Att'y.,
Hughes, O'Brien & Hughes,
Southern Surety Building,
Des Moines, Iowa.

[fol. 205] Phineas M. Henry, Att'y.,
Henry & Henry,
Equitable Building,
Des Moines, Iowa.

Affiant further says that there is d[illegible]y service by United States mail at each place so a[illegible]ssed and that there is regular communication by mail between the place of mailing and each place so addressed.

B. E. GODFREY.

Sworn to and subscribed, before me this the 18th day of April, A. D. 1940, to certify which witness my hand and seal of office.

(Seal)

MARGARET M. FENELON,
Notary Public in and for Tarrant County, Texas.

[fol. 206] Answer of Defendant, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of The American Life Insurance Company of Detroit, Michigan.

Filed in U. S. District Court, April 23, 1940.

Now comes John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, by his attorneys Clayton F. Jennings and Phineas M. Henry, but reserving all objections to the jurisdiction of the Court heretofore made by motion duly filed, and in answer to the plaintiff's complaint, says:

1. In answer to Paragraph 1 of plaintiff's complaint, this defendant admits the allegations therein contained, but further avers that said plaintiff is the receiver of only those assets situated within the State of Iowa and represents only those policyholders of the American Life Insurance Company who are citizens of the State of Iowa, and that the plaintiff's receivership is in law and in fact but an ancillary receivership to the domiciliary receivership of the American Life Insurance Company, of which this defendant [fol. 207] is the domiciliary receiver.

2. In answer to Paragraph 2 of the plaintiff's complaint, this defendant upon information and belief admits the allegations therein contained.

3. In answer to Paragraph 3 of the plaintiff's complaint, this defendant admits the allegations therein contained, and in further answer thereto avers that as such domiciliary receiver of the American Life Insurance Company and pursuant to the statute law of the State of Michigan, title is vested in him to all assets, both real and personal wheresoever situated in any state of the Union; that his title to such assets is subject only to local policy expressed in statutes or decision of a state in which such assets may be located which might thereby subordinate his title to the rights of local creditors.

4. In answer to Paragraph 4 of the plaintiff's complaint, this defendant admits the allegations therein contained, but avers that said Dan E. Lydick is in law and in fact an

ancillary receiver to the domiciliary receivership, and that his authority extends only over property having its situs in the State of Texas and over policyholders who are citizens of the State of Texas, but that title to all property situated in the State of Texas is in this defendant, subject only to local policy expressed by Texas statutes or decisions of Texas Courts whereby the title of this defendant may be subordinated to the rights of local Texas creditors.

5. In answer to Paragraph 5 of the plaintiff's complaint, this defendant admits the allegations therein contained.

6. In answer to Paragraph 6 of the plaintiff's complaint, this defendant admits the allegations therein contained.

7. In answer to Paragraph 7 of the plaintiff's complaint, this defendant admits the allegations therein contained.

[fol. 208] 8. In answer to Paragraph 8 of the plaintiff's complaint, this defendant admits the allegations therein contained, but this defendant further avers that said deposits were in excess of the statutory requirements; and this defendant further avers that pursuant to the contracts referred to in Paragraph 7 of the complaint, title to said deposit was transferred to the American Life Insurance Company of Detroit, but that pursuant to the contracts and not by requirement of statute, such deposits were maintained with the Commissioner of Insurance of the State of Iowa for the protection of the citizens of the State of Iowa during the solvency of the company and were likewise deposits maintained for the benefit of all policyholders of the American Life Insurance Company wheresoever situated.

9. In answer to Paragraph 9 of the plaintiff's complaint, this defendant admits the allegations therein contained.

10. In answer to Paragraph 10 of the plaintiff's complaint, this defendant admits the allegations therein contained on information and belief, but further avers that said receivership is in its nature ancillary to the domiciliary receivership in the State of Michigan, and that the authority of the plaintiff by virtue of his appointment as receiver of the American Life Insurance Company in

Iowa is confined to assets situated in the State of Iowa and to policyholders who are citizens of the State of Iowa.

11. In answer to Paragraph 11 of the plaintiff's complaint, this defendant admits the allegations therein contained.

12. In answer to Paragraph 12 of the plaintiff's complaint, this defendant admits the allegations therein contained.

In further answer thereto, this defendant avers that said reinsurance contract covered all surviving policyholders of the former American Life Insurance Company of Des Moines, Iowa, and that as to those who have dissented from said contract, they have submitted themselves [fol. 209] to the jurisdiction of the court in charge of the domiciliary receivership by filing claims for the cash surrender value of their policies as of April 12, 1938 in said court.

13. In answer to Paragraph 13 of the plaintiff's complaint, this defendant admits that the American Life Insurance Company made the deposits alleged in said paragraph pursuant to the reinsurance agreements with the American Life Insurance Company of Des Moines, Iowa, but denies that said deposits were made pursuant to any Iowa statute. This defendant admits that the face value of said securities on June 17, 1938, was $3,603,419.25, but avers that said deposit was far in excess of the deposit required under the aforesaid contracts. This defendant admits the allegations in said paragraph as to the nature of said securities and the list attached to the complaint.

14. In answer to Paragraph 14 of plaintiff's complaint, this defendant avers that title to said assets is in the American United Life Insurance Company pursuant to its reinsurance contract, subject only to the requirements of said contract that title to said assets shall be litigated by this defendant. This defendant admits that the American United Life Insurance Company has taken over the business and is collecting the premiums on the policies of insurance known as the Des Moines Company business and all other business of the American Life Insurance Company, as it has a right to do, but denies that

said company is collecting and retaining the income from part of said securities, but avers that on such securities as are claimed by the plaintiff this defendant is collecting and retaining the income therefrom and holding it for the benefit of whoever may finally be determined to be entitled thereto by a court of competent jurisdiction. This defendant admits upon information and belief that the defendant American United Life Insurance Company is servicing the policies of all those policyholders of the former American Life Insurance Company of Des Moines, Iowa, who have accepted the reinsurance agreement and is collecting the premiums or income on said policies as it has a right to do pursuant to the reinsurance contract, [fol. 210] and that the plaintiff has no right, title or interest in said premiums or income; that said policyholders are now under a contract with the American United Life Insurance Company pursuant to the assumption agreement, and the payment of premiums upon their policies is a matter that lies solely between said policyholders and the American United Life Insurance Company and a matter in which the plaintiff herein has no right to interfere.

15. In answer to Paragraph 15 of the plaintiff's complaint, this defendant admits that as Permanent Liquidating Receiver of the American Life Insurance Company and its domiciliary receiver he claims and asserts title and the right to possession to all the securities and properties described in Exhibit L to the complaint; that he collected and retained the premiums on the insurance policies known as the Des Moines Company business up to November 18, 1939 and thereafter said collections were made and retained by the defendant American United Life Insurance Company pursuant to its reinsurance agreement; that he has collected the income on the securities from the property described but accounted therefor to the plaintiff each month, and from time to time has turned over to the plaintiff large sums of money derived from such collections pending the determination of the right of possession by appropriate litigation; that because of error in the date as to when the plaintiff claimed the right to said income, the plaintiff was overpaid on such collections; therefore, this defendant is presently retaining such col-

lections as are made until said overpayment has been balanced; but a monthly accounting is made of all collections and the plaintiff is kept informed at all times as to the status of the account; that no demand has been made upon this defendant to remit the premiums or income collected or to account therefor to the plaintiff; that there has been an accounting from time to time by this defendant to the plaintiff so that the plaintiff would have full information at all times as to the collections made, both on income and premiums. Defendant further shows that out of the premiums collected he has been paying from time to time pursuant to authority from the Iowa Court in charge of the Iowa receivership 25% of death claims as they accrue; that said payments have practically exhausted the premiums collected on the Des Moines group of policies.

[fol. 211] 16. In answer to Paragraph 16 of the plaintiff's complaint, this defendant neither admits nor denies the allegations therein contained for the reason that it does not have sufficient information upon which to form a belief and, therefore, as to such allegations leaves the plaintiff to his proofs.

17. In answer to Paragraph 17 of the plaintiff's complaint, this defendant admits that on June 17, 1938 the Insurance Commissioner of the State of Iowa as Temporary Receiver for the American Life Insurance Company in the State of Iowa took possession of all the securities on deposit with the Insurance Commissioner of the State of Iowa, described in Exhibit L of the complaint, and was on said date and now is in physical possession of said securities and the original documents evidencing the indebtedness of each of said securities, although said securities or documents carry no assignment to the Insurance Commissioner of the State of Iowa, and admits that during all of said time said securities and original documents have been in the possession, custody and control of the Insurance Commissioner of the State of Iowa as receiver in Des Moines, Polk County, Iowa. This defendant admits that said securities described in Exhibit L of the complaint have been in the physical and manual possession of the Insurance Commissioner of the State of Iowa as

receiver of the State of Iowa, but denies that at all times the situs of said property is in the State of Iowa. This defendant denies that in accordance with the provisions of Section 8663 of the Code of Iowa, 1935, the securities on deposit vested in the State of Iowa, and denies that they are for the benefit of any but all of the policyholders, and avers that they are not for the benefit of a particular group of policyholders. This defendant denies that the plaintiff has the right or duty to administer upon said securities to the end that the proceeds, subject to the order of the District Court of Polk County, Iowa, may be divided among the holders of the policies known as the Des Moines Company business or to be applied for the purchase of reinsurance for that business, but avers that said securities must be divided among all policyholders of the American Life Insurance Company wheresoever [fol. 212] situated or applied for the purchase of reinsurance for their benefit. This defendant avers that he has purchased reinsurance relying upon the title to said securities for the benefit of all policyholders of the company, including the Des Moines Group, and that said group of policyholders with few exceptions have accepted such reinsurance, and those who have not accepted it have filed their claims with the domiciliary receiver and have, therefore, made themselves amenable to the jurisdiction of the Michigan Court. This defendant denies that it is the duty of the plaintiff in accordance with the provisions of Section 8665 of the Code of Iowa, 1935, to collect the income from said securities, but avers that the only duty that the plaintiff has in regard thereto is that of an ancillary receiver. This defendant denies that the plaintiff is entitled to the premium income collected on the policies included in the Des Moines Company business, but avers that said income belongs to the defendant American United Life Insurance Company pursuant to its reinsurance agreement.

18. In answer to Paragraph 18 of the plaintiff's complaint, this defendant admits that the American United Life Insurance Company and this defendant as domiciliary receiver are in possession of the cards, books and records relating to the policies known as the Des Moines Company business, but denies that it is necessary for the

plaintiff in order to conduct his receivership to have delivered to him said books and records, but avers that it is the duty of this defendant to maintain the possession of said cards, books and records, and to turn them over to the American United Life Insurance Company pursuant to the reinsurance agreement.

This defendant further avers that this Court is without jurisdiction to cause this defendant to take any action toward the turning over of said books and records to the plaintiff, and avers that the dividing of the records of said company would result in irreparable injury to all policyholders of the company, and particularly to those known as the Des Moines Group.

[fol. 213] In further answer this defendant avers that the plaintiff has no right or authority to attempt to conduct the life insurance business of the American Life Insurance Company insofar as it pertains to the Des Moines Group of policyholders; that his authority is limited to that incumbent upon an ancillary receiver.

19. In answer to Paragraph 19 of the plaintiff's complaint, this defendant denies the allegations therein contained, and denies that the plaintiff is entitled to any of the relief prayed for in said complaint.

Counter-Claim

Subject to the motion to dismiss heretofore filed in this cause, and the answer contained in Paragraphs 1 to 19, inclusive, thereof, and without waiving same, but strictly insisting upon them, this defendant by way of cross action over and against Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as receiver for the American Life Insurance Company in the State of Iowa, pursuant to proceedings had in that certain cause No. 53870-98 Equity, styled State of Iowa, ex rel John H. Mitchell, Plaintiff, vs. American Life Insurance Company, Defendant, and now pending on the docket in the District Court, Polk County, Iowa, would respectfully show:

20. That prior to July 15, 1921 the Northern Assurance Company of Michigan, a Michigan insurance corporation was organized under the laws of the State of

Michigan, in the year 1921 by amendment to its articles of incorporation the name of said company was changed to the American Life Insurance Company, and it continued to maintain its office and principal place of business in the City of Detroit, Michigan.

21. That prior to July 15, 1921, the American Life Insurance Company of Des Moines, Iowa, was organized as [fol. 214] an insurance corporation under the laws of the State of Iowa, and had its principal place of business in the City of Des Moines, Iowa.

22. That on August 24, 1921, pursuant to proper resolutions passed by the Boards of Directors of the respective companies a contract was entered into and duly executed by the officers of the respective companies for the reinsurance by the American Life Insurance Company of Detroit, Michigan, of all of the business of the American Life Insurance Company of Des Moines, Iowa; said contract was approved by the [Commission] of the State of Iowa on August 27, 1921, and by the Insurance Commissioner of the State of Michigan on September 1, 1921. By virtue of the execution and approval of said contract as hereinbefore stated, all of the insurance business and liabilities of the American Life Insurance Company of Des Moines, Iowa, were conveyed to and assumed by American Life Insurance Company of Detroit, Michigan, and all assets of every kind and character then owned by American Life Insurance Company of Des Moines, Iowa, were conveyed and vested in American Life Insurance Company of Detroit, Michigan. Among the assets of American Life Insurance Company of Des Moines conveyed to the American Life Insurance Company of Detroit, Michigan, was a deposit with the Insurance Commissioner of the State of Iowa in an amount equal to the reserves on all policies in force in the American Life Insurance Company of Des Moines, Iowa, made pursuant to the provisions of Article 8655 of the Insurance Laws of the State of Iowa. The terms of said contract, insofar as it related to and covered the deposit of securities with the Commissioner of Insurance of the State of Iowa, provided that the American Life Insurance Company of Detroit, Michigan, would then and at all times thereafter maintain said deposit both in amount and character of securities as

would have been required of the American Life Insurance Company of Des Moines, Iowa, as more particularly appears from said contract, being Exhibit C to the plaintiff's complaint.

23. Pursuant to the terms of the contract of reinsurance or as contemplated thereby, American Life Insurance [fol. 215] Company of Detroit, Michigan, issued to all of the policyholders of American Life Insurance Company of Des Moines, Iowa, its certain certificate of assumption of policy liability under the terms of which certificate of assumption all policy rights, privileges and benefits theretofore contracted to be made by American Life Insurance Company of Des Moines, Iowa, were assumed and guaranteed by American Life Insurance Company of Detroit, Michigan. Said certificates of assumption were furnished to each of the policyholders of American Life Insurance Company of Des Moines, Iowa, who accepted said certificates and retained them, and by virtue of the issuance and acceptance of said certificates of assumption the policyholders of American Life Insurance Company of Des Moines, Iowa, became and thereafter were policyholders of American Life Insurance Company of Detroit, Michigan. The effect of the aforesaid reinsurance agreement was that the holders of the policies in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance protection, the new protection came from the American Life Insurance Company of Detroit, Michigan, the liability of the American Life Insurance Company of Des Moines, Iowa, for the respective sums specified in its policies was not continued as of the date of the aforesaid contract but was assumed by the American Life Insurance Company of Detroit, Michigan, thereby creating a novation in which the American Life Insurance Company of Detroit, Michigan, was substituted for the American Life Insurance Company of Des Moines, Iowa in regard to all liability.

24. Thereafter, on December 27, 1922, a new contract was executed and duly approved by the proper authorities of the States of Iowa and Michigan having substantially the same effect as the contract of August 24, 1921, without any change in the liability assumed by the American Life Insurance Company of Detroit, Michigan, and the effect of

the contract as hereinabove pleaded in greater detail, being Exhibit D attached to plaintiff's complaint.

[fol. 216] 25. Thereafter, on October 24, 1923, a third contract was entered into between American Life Insurance Company of Des Moines, Iowa, and American Life Insurance Company of Detroit, Michigan, and approved by the proper authorities of both States, of substantially the same effect as the contract of August 24, 1921, and without change in the liability assumed by the American Life Insurance Company of Detroit, Michigan, under the contracts of August 24, 1921 and December 27, 1922, said third contract being Exhibit E attached to plaintiff's complaint.

26. Immediately thereafter American Life Insurance Company of Des Moines, Iowa, was dissolved and terminated as a corporate entity.

27. Pursuant to the aforesaid contracts from time to time securities were withdrawn from the deposit with the Insurance Commissioner of the State of Iowa and securities of the same kind and character were deposited in lieu thereof, but at all times the amount of said deposit was kept in an amount equal to the legal reserves upon the policies of insurance which continued in force of the American Life Insurance Company of Des Moines, which had been reinsured by the contracts of American Life Insurance Company of Detroit, Michigan. The process of withdrawal and substitution of securities by American Life Insurance Company of Detroit, Michigan, which had been contemplated by the contracts of reinsurance aforesaid and specifically provided for therein, was continued to the point that on April 12, 1938, all assets which constituted a part of the said deposit were substituted assets and had not been specifically a part of the deposit at the time of the execution of the reinsurance contracts aforesaid. As of April 12, 1938, the face amount of insurance in force in that group of policyholders was approximately Seven Million Dollars, and the amount of the deposit with the Insurance Commissioner of the State of Iowa, pursuant to said contracts, was approximately Three Million Five Hundred Thousand Dollars.

28. That the policyholders in the Des Moines group of [fol. 217] policies were not all citizens of the State of Iowa, but were citizens of a great many different states of the

Union. On November 17, 1939 a great number of said policyholders were residents and citizens of forty different States of the United States and several foreign countries, to the extent that of an aggregate of 4,313 policyholders with insurance in force, aggregating $6,657,364.82, on said date only 1,535 policyholders, with an aggregate insurance in force of $2,456,039.00, or 36.89% were citizens of the State of Iowa.

29. After the execution of the contracts of reinsurance hereinabove described American Life Insurance Company of Detroit, Michigan, operated in various States in the Union, including the State of Iowa, and during said period of time wrote and issued various policies of insurance to the citizens and residents of said states, pursuant to the insurance laws of the said several states, including Iowa. As a part of the operation of the business of American Life Insurance Company of Detroit, Michigan, in the said several states the laws of said states required that the said company file with the Commissioners of Insurance of the several states, including Iowa, annual statements showing the financial condition of American Life Insurance Company as of December 31st of each operating year. In compliance with such laws American Life Insurance Company of Detroit, Michigan, filed with the said Insurance Commissioners of the several states, including Iowa, such statements but at no time during the period from the reinsurance contracts to and including December 31, 1936, did the company disclose to the Commissioners of Insurance of the several states the fact that a part of its assets were deposited in the State of Iowa pursuant to the contracts herein described, for the benefit of a particular group of its policyholders as distinguished from a deposit made for the benefit of all policyholders of American Life Insurance Company. Such disclosure was made in the annual statements filed with the Commissioners of Insurance, including Iowa, as of December 31, 1937. Pursuant to the condition of the financial affairs of American Life Insurance Company as disclosed in the annual statement filed as of December 31, [fol. 218] 1937, the Commissioner of Insurance of the State of Iowa did not grant a permit to do business in Iowa to the American Life Insurance Company for the year 1938, nor has such permit been granted since said date, as will be more fully shown hereafter.

30. During the period of time from the execution of the contracts of reinsurance to the end of the fiscal year as of December 31, 1937, the Commissioner of Insurance of the State of Iowa at all times knew that American Life Insurance Company was furnishing annual statements to the Commissioners of Insurance of the several states, which annual statements did not disclose any purported deposit for the benefit of a particular group of policyholders, and the said Insurance Commissioner of the State of Iowa acquiesced and approved the form of such annual statement and at no time made any affirmative claim to the effect that such deposit of assets was for the benefit of any particular group of policyholders of American Life Insurance Company of Detroit, Michigan.

31. On April 12, 1938, pursuant to Section 12,263, et seq. of the Compiled Laws of the State of Michigan, 1929, Charles E. Gauss, Commissioner of Insurance of the State of Michigan, filed his bill of complaint in the Circuit Court for the County of Ingham in Chancery, in the State of Michigan, for the appointment of a receiver and the dissolution of the American Life Insurance Company because of insolvency. That on April 13, 1938, the business of American Life Insurance Company was placed in charge of a custodian appointed by the Court pending the hearing on the bill of complaint. That on June 7, 1938, the Circuit Court for the County of Ingham in Chancery, pursuant to statute, appointed Charles E. Gauss, the Commissioner of Insurance, statutory receiver of said company. An appeal was taken from the order of the Court making said appointment, which was affirmed by the Supreme Court of the State of Michigan on September 5, 1939. On September 16, 1939, the Circuit Court for the County of Ingham in Chancery entered an order appointing John G. Emery, Commissioner of Insurance of the State of Michigan, the successor in office to Charles E. Gauss, as permanent liquidating [fol. 219] receiver of the American Life Insurance Company. The said order appointing John G. Emery, Insurance Commissioner of the State of Michigan, as permanent liquidating receiver of American Life Insurance Company is attached to plaintiff's complaint, marked "Exhibit G", and made a part hereof. Said order is properly exemplified and entitled to full faith and credit.

32. It is provided by Section 12,266 of the Compiled Laws of Michigan for 1929 that when a Michigan Court shall order the liquidation of the business of an insurance company domiciled in that state, that such liquidation may be made by and under the direction of the Commissioner of Insurance, who may deal with the property and business of such corporation in his own name as Commissioner or in the name of the croporation, as the Court may direct, and shall be vested by operation of law with title to all the property, contracts and rights of action of such corporation as of the date of the order so directing him to liquidate. That such statute is entitled to full faith and credit in all the States of the Union for the protection of the policyholders in the several different states, and by virtue of such statute and of the order hereinabove referred to your petitioner is vested with title to all of the assets of American Life Insurance Company, a corporation, as the statutory successor of such corporation pursuant to the laws of the state of its domicile.

33. This defendant, the domiciliary receiver, claims title to all assets of the American Life Insurance Company wheresoever located, subject, however, to any local policy expressed in statute or decisions whereby the title of this defendant is to be subordinated to the rights of all the creditors in that state.

34. Upon the adjudication of insolvency of the American Life Insurance Company on June 7, 1938, and the appointment of a receiver on said date, the policies of American Life Insurance Company were terminated as enforce-[fol. 220] able obligations for their respective face amounts and the holders became creditors each for an amount equal to the then value of his policy with the right to participate pro rata in the assets in receivership. The privilege of thus participating in such assets was the only right which the holders of policies had from the adjudication of insolvency until a reinsurance agreement might become effective and that said right applied to all policyholders of the company equally.

35. By virtue of Section 8,652 of the Code of Iowa, 1935, it was not required that the deposit in question be made by

the American Life Insurance Company of Detroit for the reason that it had on deposit with the Treasurer of the State of Michigan securities for the benefit of all policyholders of such company; that such deposit was made pursuant to Section 12,390, Compiled Laws of Michigan, 1929: that the deposit maintained in the State of Iowa was solely pursuant to the contracts referred to and was for the protection of the citizens of Iowa as long as the American Life Insurance Company continued to be a going business, and in the event of insolvency to insure to the citizens of the State of Iowa that they would receive equal treatment with all other policyholders of the company, but not that they or any particular group of policyholders should receive a preferential treatment.

36. By reason of the premises hereinabove set forth this defendant, by way of cross-action over and against plaintiff Charles R. Fischer, as Commissioner of Insurance of the State of Iowa and receiver of American Life Insurance Company in the State of Iowa, all as hereinabove set forth, alleges that this defendant is entitled to have all of the assets of American Life Insurance Company of every kind and character delivered to this defendant in his capacities aforesaid for the purpose of distribution of such assets ratably among all policyholders of American Life Insurance Company wherever situated, or such distribution and reorganization as may be decreed by the Circuit Court of Ingham County in Chancery of the State of Michigan, [fol. 221] subject only to the local policy of a particular state and of the administration of such assets by this Honorable Court pursuant to such policy, if any, of the State of Iowa. This defendant alleges that any right, title or interest in any way owned, held or claimed by Charles R. Fischer, in the capacities aforesaid, is inferior and subordinate to the title of this defendant and his rights as hereinabove set forth. That the said contracts of reinsurance as a matter of law and of fact confer no greater right in and to the assets involved in this proceeding in persons who formerly were policyholders of American Life Insurance Company of Des Moines, Iowa, than the other policy-

holders of American Life Insurance Company of Detroit, Michigan, had in all assets of American Life Insurance Company of Detroit, Michigan, and that all of such assets wherever situated are a trust fund to be held and administered by this defendant for the purpose of ratable distribution to all policyholders of American Life Insurance Company of Detroit, Michigan, wherever situated.

37. That the amount of the deposit pursuant to the terms of the reinsurance agreement was excessive on April 12, 1938 and on June 17, 1938; that such excess deposit should be turned over to this defendant regardless of the determination of the rights of the Des Moines group of policyholders in said deposit.

38. That on November 18, 1939 the reinsurance agreement with defendant American United Life Insurance Company of Indianapolis, Indiana, became effective; that said agreement was accepted by all except 81 policyholders, representing $122,974.00 insurance in force of the Des Moines Group, thereby creating a novation, and those who did not accept said reinsurance agreement have filed claims for the cash surrender value of their policy less policy indebtedness as of April 12, 1938, and have thereby submitted themselves to the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery.

[fol. 222] Wherefore, premises considered, this defendant respectfully prays that upon final hearing of this action this defendant recover judgment over and against Charles R. Fischer in his capacities aforesaid establishing and declaring the title of this defendant to be superior to any right, title or interest of the said Charles R. Fischer in his capacities aforesaid, and the said Charles R. Fischer in his capacities aforesaid be held to have no claim of any kind or character in and to any of the assets of the American Life Insurance Company, but that all of such assets be delivered to this defendant to be distributed ratably to all of the policyholders of the American Life Insurance Company pursuant to the decrees, orders or judgments of the Circuit Court of Ingham County in Chancery of the State of Michigan. This defendant further prays for such

other and further relief, special or general, in law or in equity, to which the premises may entitle this defendant.

JOHN G. EMERY, Commissioner of Insurance of the State of Michigan, and Permanent Liquidating Receiver of American Life Insurance Company.
By Clayton F. Jennings,
By Phineas M. Henry,
Attorneys for said Defendant.

[fol. 223] Answer of Defendant American United Life Insurance Company.

Filed in U. S. District Court, April 29, 1940.

Now comes the American United Life Insurance Company by its attorneys Phineas M. Henry, Robert A. Adams and Aaron T. Jahr, but reserving all objections to the jurisdiction of the Court heretofore made by motion duly filed, and in answer to the plaintiff's complaint, says:

1. In answer to Paragraph 1 of plaintiff's complaint, this defendant admits the allegations therein contained, but further avers that said plaintiff is the receiver of only those assets situated within the State of Iowa and represents only those policyholders of the American Life Insurance Company who are citizens of the State of Iowa, and that the plaintiff's receivership is in law and in fact but an ancillary receivership to the domiciliary receivership of the American Life Insurance Company, of which John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American [fol. 224] Life Insurance Company of Detroit, Michigan, (hereinafter for the sake of brevity referred to as John G. Emery, Commissioner, etc.) is the domiciliary receiver.

2. In answer to Paragraph 2 of plaintiff's complaint, this defendant admits the allegations therein contained.

3. In answer to Paragraph 3 of the plaintiff's complaint, this defendant admits the allegations therein contained, and in further answer thereto avers that as such domiciliary receiver of the American Life Insurance Company and pursuant to the statute law of the State of Michigan, title to

all assets, both real and personal wheresoever situated in any state of the Union is vested in the defendant John G. Emery, Commissioner, etc.; that his title to such assets is subject only to local policy expressed in statutes or decision of a state in which such assets may be located which might thereby subordinate his title to the rights of local creditors.

4. In answer to Paragraph 4 of the plaintiff's complaint, this defendant admits the allegations therein contained, but avers that said Dan E. Lydick is in law and in fact an ancillary receiver to the domiciliary receivership, and that his authority extends only over property having its situs in the State of Texas and over policyholders who are citizens of the State of Texas, but that title to all property situated in the State of Texas is in the defendant John G. Emery, Commissioner, etc., subject only to local policy expressed by Texas statutes or decisions of Texas Courts whereby the title of this defendant may be subordinated to the rights of local Texas creditors.

5. In answer to Paragraph 5 of the plaintiff's complaint, this defendant admits the allegations therein contained.

6. In answer to Paragraph 6 of the plaintiff's complaint, this defendant admits the allegations therein contained.

[fol. 225] 7. In answer to Paragraph 7 of the plaintiff's complaint, this defendant admits the allegations therein contained.

8. In answer to Paragraph 8 of the plaintiff's complaint, this defendant admits the allegations therein contained, but this defendant further avers that said deposits were in excess of the statutory requirements; and this defendant further avers that pursuant to the contracts referred to in Paragraph 7 of the complaint, title to said deposit was transferred to the American Life Insurance Company of Detroit, but that pursuant to the contracts and not by requirement of statute, such deposits were maintained with the Commissioner of Insurance of the State of Iowa for the protection of the citizens of the State of Iowa during the solvency of the company and were likewise deposits maintained for the benefit of all policyholders of the American Life Insurance Company wheresoever situated.

9. In answer to Paragraph 9 of the plaintiff's complaint, this defendant admits the allegations therein contained.

10. In answer to Paragraph 10 of the plaintiff's complaint, this defendant admits the allegations therein contained on information and belief, but further avers that said receivership is in its nature ancillary to the domiciliary receivership in the State of Michigan, and that the authority of the plaintiff by virtue of his appointment as receiver of the American Life Insurance Company in Iowa is confined to assets situated in the State of Iowa and to policyholders who are citizens of the State of Iowa.

11. In answer to Paragraph 11 of the plaintiff's complaint, this defendant admits the allegations therein contained.

12. In answer to Paragraph 12 of the plaintiff's complaint, this defendant admits the allegations therein contained.

[fol. 226] In further answer thereto, this defendant avers that said reinsurance contract covered all surviving policyholders of the former American Life Insurance Company of Des Moines, Iowa, and that as to those who have dissented from said contract, they have submitted themselves to the jurisdiction of the court in charge of the domiciliary receivership by filing claims for the cash surrender value of their policies as of April 12, 1938 in said court.

13. In answer to Paragraph 13 of the plaintiff's complaint, this defendant admits that the American Life Insurance Company made the deposits alleged in said paragraph pursuant to the reinsurance agreements with the American Life Insurance Company of Des Moines, Iowa, but denies that said deposits were made pursuant to any Iowa statute. This defendant admits that the face value of said securities on June 17, 1938, was $3,603,419.25, but avers that said deposit was far in excess of the deposit required under the aforesaid contracts. This defendant admits the allegations in said paragraph as to the nature of said securities and the list attached to the complaint.

14. In answer to Paragraph 14 of plaintiff's complaint, this defendant avers that title to said assets is in this defendant pursuant to its reinsurance contract, subject only

to the requirements of said contract that title to said assets shall be litigated by the defendant John G. Emery, Commissioner, etc. This defendant admits that it has taken over the business and is collecting the premiums on the policies of insurance known as the Des Moines Company business and all other business of the American Life Insurance Company, as it has a right to do, but denies that it is collecting and retaining the income from part of said securities, but avers that on such securities as are claimed by the plaintiff the defendant John G. Emery, Commissioner, etc. is collecting and retaining the income therefrom and holding it for the benefit of whoever may finally be [fol. 227] determined to be entitled thereto by a court of competent jurisdiction. This defendant admits it is servicing the policies of all those policyholders of the former American Life Insurance Company of Des Moines, Iowa, who have accepted the reinsurance agreement and is collecting the premiums or income on said policies as it has a right to do pursuant to the reinsurance contract, and that the plaintiff has no right, title or interest in said premiums or income; that said policyholders are now under a contract with this defendant pursuant to the assumption agreement, and the payment of premiums upon their policies is a matter that lies solely between said policyholders and this defendant and a matter in which the plaintiff herein has no right to interfere.

15. In answer to Paragraph 15 of the plaintiff's complaint, this defendant admits that as Permanent Liquidating Receiver of the American Life Insurance Company and its domiciliary receiver the defendant John G. Emery, Commissioner, etc. claims and asserts title and the right to possession to all the securities and properties described in Exhibit L to the complaint; that he collected and retained the premiums on the insurance policies known as the Des Moines Company business up to November 18, 1939 and thereafter said collections were made and retained by this defendant pursuant to its reinsurance agreement; that said defendant John G. Emery, Commissioner, etc. has collected the income on the securities from the property described but accounted therefor to the plaintiff each month, and from time to time has turned over to the plaintiff large sums of money derived from such collections pending the

determination of the right of possession by appropriate litigation; that because of error in the date as to when the plaintiff claimed the right to said income, the plaintiff was overpaid on such collections; therefore, the defendant John G. Emery, Commissioner, etc. is presently retaining such collections as are made until said overpayment has been balanced; but a monthly accounting is made of all collec- [fol. 228] tions and the plaintiff is kept informed at all times as to the status of the account; that no demand has been made upon said defendant John G. Emery, Commissioner, etc. to remit the premiums or income collected or to account therefor to the plaintiff; that there has been an accounting from time to time by said defendant to the plaintiff so that the plaintiff would have full information at all times as to the collections made, both on income and premiums. This defendant further alleges on information and belief that out of the premiums collected said defendant has been paying from time to time pursuant to authority from the Iowa Court in charge of the Iowa receivership 25% of death claims as they accrue; that said payments have practically exhausted the premiums collected on the Des Moines group of policies.

16. In answer to Paragraph 16 of the plaintiff's complaint, this defendant neither admits nor denies the allegations therein contained for the reason that it does not have sufficient information upon which to form a belief and, therefore, as to such allegations leaves the plaintiff to his proofs.

17. In answer to Paragraph 17 of the plaintiff's complaint, this defendant admits that on June 17, 1938 the Insurance Commissioner of the State of Iowa as Temporary Receiver for the American Life Insurance Company in the State of Iowa took possession of all the securities on deposit with the Insurance Commissioner of the State of Iowa, described in Exhibit L of the complaint, and was on said date and now is in physical possession of said securities and the original documents evidencing the indebtedness of each of said securities, although said securities or documents carry no assignment to the Insurance Commissioner of the State of Iowa, and admits that during all of

said time said securities and original documents have been in the possession, custody and control of the Insurance Commissioner of the State of Iowa as receiver in Des Moines, Polk County, Iowa. This defendant admits that [fol. 229] said securities described in Exhibit L of the complaint have been in the physical and manual possession of the Insurance Commissioner of the State of Iowa as receiver of the State of Iowa, but denies that at all times the situs of said property is in the State of Iowa. This defendant denies that in accordance with the provisions of Section 8663 of the Code of Iowa, 1935, the securities on deposit vested in the State of Iowa, and denies that they are for the benefit of any but all of the policyholders, and avers that they are not for the benefit of a particular group of policyholders. This defendant denies that the plaintiff has the right or duty to administer upon said securities to the end that the proceeds, subject to the order of the District Court of Polk County, Iowa, may be divided among the holders of the policies known as the Des Moines Company business or to be applied for the purchase of reinsurance for that business, but avers that said securities must be divided among all policyholders of the American Life Insurance Company wheresoever situated or applied for the purchase of reinsurance for their benefit. This defendant avers that said defendant John G. Emery, Commissioner, etc. has purchased reinsurance relying upon the title to said securities for the benefit of all policyholders of the company, including the Des Moines, Group, and that said group of policyholders with few exceptions have accepted such reinsurance, and those who have not accepted it have filed their claims with the domiciliary receiver and have, therefore, made themselves amenable to the jurisdiction of the Michigan Court. This defendant denies that it is the duty of the plaintiff in accordance with the provisions of Section 8665 of the Code of Iowa, 1935, to collect the income from said securities, but avers that the only duty that the plaintiff has in regard thereto is that of an ancillary receiver. This defendant denies that the plaintiff is entitled to the premium income collected on the policies included in the Des Moines Company business, but avers that said income belongs to this defendant pursuant [fol. 230] to its reinsurance agreement.

18. In answer to Paragraph 18 of the plaintiff's complaint, this defendant admits that the defendant John G. Emery, Commissioner, etc., as domiciliary receiver and this defendant are in possession of the cards, books and records relating to the policies known as the Des Moines Company business, but denies that it is necessary for the plaintiff in order to conduct his receivership to have delivered to him said books and records, but avers that it is the duty of the defendant John G. Emery, Commissioner, etc. to maintain the possession of said cards, books and records, and to turn them over to this defendant pursuant to the reinsurance agreement.

This defendant further avers that this Court is without jurisdiction to cause the defendant John G. Emery, Commissioner, etc. to take any action toward the turning over of said books and records to the plaintiff, and avers that the dividing of the records of said company would result in irreparable injury to all policyholders of the company, and particularly to those known as the Des Moines Group.

In further answer this defendant avers that the plaintiff has no right or authority to attempt to conduct the life insurance business of the American Life Insurance Company insofar as it pertains to the Des Moines Group of policyholders; that his authority is limited to that incumbent upon an ancillary receiver.

19. In answer to Paragraph 19 of the plaintiff's complaint, this defendant denies the allegations therein contained, and denies that the plaintiff is entitled to any of the relief prayed for in said complaint.

Counter-Claim.

Subject to the motion to dismiss heretofore filed in this cause, and the answer contained in Paragraphs 1 to 19, inclusive, thereof, and without waiving same, but strictly insisting upon them, this defendant by way of cross action [fol. 231] over and against Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as receiver for the American Life Insurance Company in the State of Iowa, pursuant to proceedings had in that certain cause No. 53870-98 Equity, styled State of Iowa, ex rel. John H. Mitchell, Plaintiff vs. American Life Insurance Company,

Defendant, and now pending on the docket in the District Court, Polk County, Iowa, would respectfully show:

20. That prior to July 15, 1921 the Northern Assurance Company of Michigan, a Michigan insurance corporation organized under the laws of the State of Michigan, in the year 1921 by amendment to its articles of incorporation the name of said company was changed to the American Life Insurance Company, and continued to maintain its office and principal place of business in the City of Detroit, Michigan.

21. That prior to July 15, 1921, the American Life Insurance Company of Des Moines, Iowa, was organized as an insurance corporation under the laws of the State of Iowa, and had its principal place of business in the City of Des Moines, Iowa.

22. That on August 24, 1921, pursuant to proper resolutions passed by the Boards of Directors of the respective companies a contract was entered into and duly executed by the officers of the respective companies for the reinsurance by the American Life Insurance Company of Detroit, Michigan, of all of the business of the American Life Insurance Company of Des Moines, Iowa; said contract was approved by the Commission of the State of Iowa on August 27, 1921, and by the Insurance Commissioner of the State of Michigan on September 1, 1921. By virtue of the execution and approval of said contract as hereinbefore stated, all of the insurance business and liabilities of the American Life Insurance Company of Des Moines, Iowa, were conveyed to and assumed by American Life Insurance Company of Detroit, Michigan, and all assets of every kind and charac- [fol. 232] acter then owned by American Life Insurance Company of Des Moines, Iowa, were conveyed and vested in American Life Insurance Company of Detroit, Michigan. Among the assets of American Life Insurance Company of Des Moines conveyed to the American Life Insurance Company of Detroit, Michigan, was a deposit with the Insurance Commissioner of the State of Iowa in an amount equal to the reserves on all policies in force in the American Life Insurance Company of Des Moines, Iowa, made pursuant to the provisions of Article 8655 of the Insurance Laws of the State of Iowa. The terms of said contract,

insofar as it related to and covered the deposit of securities with the Commissioner of Insurance of the State of Iowa, provided that the American Life Insurance Company of Detroit, Michigan, would then and at all times thereafter maintain said deposit both in amount and character of securities as would have been required of the American Life Insurance Company of Des Moines, Iowa, as more particularly appears from said contract, being Exhibit C to the plaintiff's complaint.

23. Pursuant to the terms of the contract of reinsurance or as contemplated thereby, American Life Insurance Company of Detroit, Michigan, issued to all of the policyholders of American Life Insurance Company of Des Moines, Iowa, its certain certificate of assumption of policy liability under the terms of which certificate of assumption all policy rights, privileges and benefits theretofore contracted to be made by American Life Insurance Company of Des Moines, Iowa, were assumed and guaranteed by American Life Insurance Company of Detroit, Michigan. Said certificates of assumption were furnished to each of the policyholders of American Life Insurance Company of Des Moines, Iowa, who accepted said certificates and retained them, and by virtue of the issuance and acceptance of said certificates of assumption the policyholders of American Life Insurance Company of Des Moines, Iowa, became and thereafter were policyholders of American Life Insurance Company of Detroit, Michigan. The effect of the aforesaid reinsurance [fol. 233] agreement was that the holders of the policies in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance protection, the new protection came from the American Life Insurance Company of Detroit, Michigan, the liability of the American Life Insurance Company of Des Moines, Iowa, for the respective sums specified in its policies was not continued as of the date of the aforesaid contract but was assumed by the American Life Insurance Company of Detroit, Michigan, thereby creating a novation in which the American Life Insurance Company of Detroit, Michigan, was substituted for the American Life Insurance Company of Des Moines, Iowa in regard to all liability.

24. Thereafter, on December 27, 1922, a new contract was executed and duly approved by the proper authorities

of the States of Iowa and Michigan having substantially the same effect as the contract of August 24, 1921, without any change in the liability assumed by the American Life Insurance Company of Detroit, Michigan, and the effect of the contract as hereinabove pleaded in greater detail, being Exhibit D attached to plaintiff's complaint.

25. Thereafter, on October 24, 1923, a third contract was entered into between American Life Insurance Company of Des Moines, Iowa, and American Life Insurance Company of Detroit, Michigan, and approved by the proper authorities of both States, of substantially the same effect as the contract of August 24, 1921, and without change in the liability assumed by the American Life Insurance Company of Detroit, Michigan, under the contracts of August 24, 1921 and December 27, 1922, said third contract being Exhibit E attached to plaintiff's complaint.

26. Immediately thereafter American Life Insurance Company of Des Moines, Iowa, was dissolved and terminated as a corporate entity.

[fol. 234] 27. Pursuant to the aforesaid contracts from time to time securities were withdrawn from the deposit with the Insurance Commissioner of the State of Iowa and securities of the same kind and character were deposited in lieu thereof, but at all times the amount of said deposit was kept in an amount equal to the legal reserves upon the policies of insurance which continued in force of the American Life Insurance Company of Des Moines, which had been reinsured by the contracts of American Life Insurance Company of Detroit, Michigan. The process of withdrawal and substitution of securities by American Life Insurance Company of Detroit, Michigan, which had been contemplated by the contracts of reinsurance aforesaid and specifically provided for therein, was continued to the point that on April 12, 1938, all assets which constituted a part of the said deposit were substituted assets and had not been specifically a part of the deposit at the time of the execution of the reinsurance contracts aforesaid. As of April 12, 1938, the face amount of insurance in force in that group of policyholders was approximately Seven Million Dollars, and the amount of the deposit with the Insurance Commissioner of the State of Iowa, pursuant to said contracts, was

approximately Three Million Five Hundred Thousand Dollars.

28. That the policyholders in the Des Moines group of policies were not all citizens of the State of Iowa, but were citizens of a great many different states of the Union. On November 17, 1939 a great number of said policyholders were residents and citizens of forty different States of the United States and several foreign countries, to the extent that of an aggregate of 4,313 policyholders with insurance in force, aggregating $6,657,364.82, on said date only 1,535 policyholders, with an aggregate insurance in force of $2,456,039.00, or 36.89% were citizens of the State of Iowa.

[fol. 235] 29. After the execution of the contracts of reinsurance hereinabove described American Life Insurance Company of Detroit, Michigan, operated in various States in the Union, including the State of Iowa, and during said period of time wrote and issued various policies of insurance to the citizens and residents of said states, pursuant to the insurance laws of the several states, including Iowa. As a part of the operation of the business of American Life Insurance Company of Detroit, Michigan, in the said several states the laws of said states required that the said company file with the Commissioners of Insurance of the several states, including Iowa, annual statements showing the financial condition of American Life Insurance Company as of December 31st of each operating year. In compliance with such laws American Life Insurance Company of Detroit, Michigan, filed with the said Insurance Commissioners of the several states, including Iowa, such statements but at no time during the period from the reinsurance contracts to and including December 31, 1936, did the company disclose to the Commissioners of Insurance of the several states the fact that a part of its assets were deposited in the State of Iowa pursuant to the contracts herein described, for the benefit of a particular group of its policyholders as distinguished from a deposit made for the benefit of all policyholders of American Life Insurance Company. Such disclosure was made in the annual statements filed with the Commissioners of Insurance, including Iowa, as of December 31, 1937. Pursuant to the condition of the financial affairs of American Life Insurance Com-

pany as disclosed in the annual statement filed as of December 31, 1937, the Commissioner of Insurance of the State of Iowa did not grant a permit to do business in Iowa to the American Life Insurance Company for the year 1938, nor has such permit been granted since said date, as will be more fully shown hereafter.

[fol. 236] 30. During the period of time from the execution of the contracts of reinsurance to the end of the fiscal year as of December 31, 1937, the Commissioner of Insurance of the State of Iowa at all times knew that American Life Insurance Company was furnishing annual statements to the Commissioners of Insurance of the several states, which annual statements did not disclose any purported deposit for the benefit of a particular group of policyholders, and the said Insurance Commissioner of the State of Iowa acquiesced and approved the form of such annual statement and at no time made any affirmative claim to the effect that such deposit of assets was for the benefit of any particular group of policyholders of American Life Insurance Company of Detroit, Michigan.

31. On April 12, 1938, pursuant to Section 12,263, et seq. of the Compiled Laws of the State of Michigan, 1929, Charles E. Gauss, Commissioner of Insurance of the State of Michigan, filed his bill of complaint in the Circuit Court for the County of Ingham in Chancery, in the State of Michigan, for the appointment of a receiver and the dissolution of the American Life Insurance Company because of insolvency. That on April 13, 1938, the business of American Life Insurance Company was placed in charge of a custodian appointed by the Court pending the hearing on the bill of complaint. That on June 7, 1938, the Circuit Court for the County of Ingham in Chancery, pursuant to statute, appointed Charles E. Gauss, the Commissioner of Insurance, statutory receiver of said company. An appeal was taken from the order of the Court making said appointment, which was affirmed by the Supreme Court of the State of Michigan on September 5, 1939. On September 16, 1939, the Circuit Court for the County of Ingham in Chancery entered an order appointing John G. Emery, Commissioner of Insurance of the State of Michigan, the successor in office to Charles E. Gauss, as permanent liquidating receiver of the American Life Insurance Com-

pany. The said order appointing John G. Emery, Insurance Commissioner of the State of Michigan, as permanent [fol. 237] liquidating receiver of American Life Insurance Company is attached to plaintiff's complaint, marked "Exhibit G", and made a part hereof. Said order is properly exemplified and entitled to full faith and credit.

32. It is provided by Section 12,266 of the Compiled Laws of Michigan for 1929 that when a Michigan Court shall order the liquidation of the business of an insurance company domiciled in that state, that such liquidation may be made by and under the direction of the Commissioner of Insurance, who may deal with the property and business of such corporation in his own name as Commissioner or in the name of the corporation, as the Court may direct, and shall be vested by operation of law with title to all the property, contracts and rights of action of such corporation as of the date of the order so directing him to liquidate. That such statute is entitled to full faith and credit in all the States of the Union for the protection of the policyholders in the several different states, and by virtue of such statute and of the order hereinabove referred to to defendant John G. Emery, Commissioner, etc. is vested with title to all of the assets of American Life Insurance Company, a corporation, as the statutory successor of such corporation pursuant to the laws of the state of its domicile.

33. The defendant John G. Emery, Commissioner, etc., as the domiciliary receiver, claims title to all assets of the American Life Insurance Company wheresoever located, subject, however, to any local policy expressed in statute or decisions whereby the title of said defendant is to be subordinated to the rights of all the creditors in that state.

34. Upon the adjudication of insolvency of the American Life Insurance Company on June 7, 1938, and the appointment of a receiver on said date, the policies of American Life Insurance Company were terminated as enforceable obligations for their respective face amounts and the [fol. 238] holders became creditors each for an amount equal to the then value of his policy with the right to participate pro rata in the assets in receivership. The privilege of thus participating in such assets was the only right

which the holders of policies had from the adjudication of insolvency until a reinsurance agreement might become effective and that said right applied to all policyholders of the company equally.

35. By virtue of Section 8,652 of the Code of Iowa, 1935, it was not required that the deposit in question be made by the American Life Insurance Company of Detroit for the reason that it had on deposit with the Treasurer of the State of Michigan securities for the benefit of all policyholders of such company; that such deposit was made pursuant to Section 12,390, Compiled Laws of Michigan, 1929; that the deposit maintained in the State of Iowa was solely pursuant to the contracts referred to and was for the protection of the citizens of Iowa as long as the American Life Insurance Company continued to be a going business, and in the event of insolvency to insure to the citizens of the State of Iowa that they would receive equal treatment with all other policyholders of the company, but not that they or any particular group of policyholders should receive a preferential treatment.

36. By reason of the premises hereinabove set forth this defendant, by way of cross-action over and against plaintiff Charles R. Fischer, as Commissioner of Insurance of the State of Iowa and receiver of American Life Insurance Company in the State of Iowa, all as hereinabove set forth, alleges that the defendant John G. Emery, Commissioner, etc., is entitled to have all of the assets of American Life Insurance Company of every kind and character delivered to the defendant in his capacities aforesaid for the purpose of distribution of such assets ratably among all [fol. 239] policyholders of American Life Insurance Company wherever situated, or such distribution and reorganization as may be decreed by the Circuit Court of Ingham County in Chancery of the State of Michigan, subject only to the local policy of a particular state and of the administration of such assets by this Honorable Court pursuant to such policy, if any, of the State of Iowa. This defendant alleges that any right, title or interest in any way owned, held or claimed by Charles R. Fischer, in the capacities aforesaid, is inferior and subordinate to the title of the defendant John G. Emery, Commissioner, etc. and his rights

as hereinabove set forth. That the said contracts of reinsurance as a matter of law and of fact confer no greater right in and to the assets involved in this proceeding in persons who formerly were policyholders of American Life Insurance Company of Des Moines, Iowa, than the other policyholders of American Life Insurance Company of Detroit, Michigan, had in all assets of American Life Insurance Company of Detroit, Michigan, and that all of such assets wherever situated are a trust fund to be held and administered by the defendant John G. Emery, Commissioner, etc. for the purpose of ratable distribution to all policyholders of American Life Insurance Company of Detroit, Michigan, wherever situated.

37. That the amount of the deposit pursuant to the terms of the reinsurance agreement was excessive on April 12, 1938 and on June 17, 1938; that such excess deposit should be turned over to the defendant John G. Emery, Commissioner, etc. regardless of the determination of the rights of the Des Moines group of policyholders in said deposit.

38. That on November 18, 1939 the reinsurance agreement with this defendant became effective; that said agreement was accepted by all except 81 policyholders, representing $122,974.00 insurance in force of the Des Moines Group, thereby creating a novation, and those who did not accept said reinsurance agreement have filed claims for the [fol. 240] cash surrender value of their policy less policy indebtedness as of April 12, 1938, and have thereby submitted themselves to the jurisdiction of the Circuit Court for the County of Ingham, State of Michigan, in Chancery. That those policyholders of said group who have accepted the reinsurance agreement are not creditors of the American Life Insurance Company, but are policyholders in this defendant, subject to the terms and conditions and with the rights and privileges imposed upon and granted to them by such reinsurance agreement, and as such have no greater or different rights to the assets of the American Life Insurance Company, wherever situate, than the other policyholders in the American Life Insurance Company who have accepted said reinsurance agreement.

Wherefore, premises considered, this defendant respectfully prays that upon final hearing of this action the defendant John G. Emery, Commissioner, etc. recover judgment over and against Charles R. Fischer in his capacities aforesaid establishing and declaring the title of said defendant to be superior to any right, title or interest of the said Charles R. Fischer in his capacities aforesaid, and the said Charles R. Fischer in his capacities aforesaid be held to have no claim of any kind or character in and to any of the assets of the American Life Insurance Company, but that all of such assets be delivered to the defendant John G. Emery, Commissioner, etc. to be administered pursuant to the decrees, orders or judgments of the Circuit Court of Ingham County in Chancery of the State of Michigan. This defendant further prays for such other and further relief, special or general, in law or in equity, to which the premises may entitle this defendant.

AMERICAN UNITED LIFE
INSURANCE COMPANY,
By Phineas M. Henry,
Equitable Bldg., Des Moines, Iowa,
By Robert A. Adams,
By Aaron T. Jahr,
30 West Fall Creek Parkway,
Indianapolis, Indiana.

Attorneys for said Defendant.

[fol. 241] Reply and Answer of Plaintiff to Answer and Counterclaim of Defendant John G. Emery, Etc.

Filed in U. S. District Court, May 8, 1940.

Comes now the plaintiff and for reply to the answer of defendant John G. Emery, etc., states:

1. In reply to paragraph 1 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein stated.

2. In reply to paragraph 3 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegations therein stated.

3. In reply to paragraph 4 of this defendant's answer, the plaintiff upon information and belief admits the affirmative allegations therein contained.

4. In reply to paragraph 8 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein stated. Plaintiff alleges that the statutory laws of the State of Iowa are incorporated in and a part of the policy contracts of the American Life Insurance [fol. 242] Company of Des Moines, Iowa. That said policies on their face in large letters contain this provision: "This contract is protected by a deposit of approved securities with the State of Iowa." In addition to the reinsurance contracts heretofore referred to, the American Life Insurance Company of Detroit, Michigan, entered into an assumption agreement with each of the policyholders of the Des Moines Company. Attached hereto marked Exhibit "M" and Exhibit "N" are true copies of the first page of the insurance policy issued by the American Life Insurance Company of Des Moines, Iowa, and the Assumption Agreement of the American Life Insurance Company of Detroit, Michigan, which exhibits are by this reference made a part hereof.

5. In reply to paragraph 10 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein stated.

6. In reply to paragraph 12 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegation therein contained.

7. In reply to paragraph 13 of this defendant's answer, plaintiff denies the averment that said deposit was far in excess of the deposit required under the aforesaid contracts, and states that said deposit, pursuant to the Iowa statutes and the reinsurance agreements, was on June 17, 1938, more than one and one-half million dollars less than the amount required, and the fair market value of the securities on June 17, 1938, was more than a million and a half dollars less than the face value of said securities.

8. In reply to paragraph 14 of this defendant's answer, the plaintiff denies the allegations therein contained.

[fol. 243] 9. In reply to paragraph 15 of this defendant's answer, the plaintiff states that an agreement was made and entered into between the Iowa and Michigan Receivers, protected by a performance bond in the sum of $50,000.00, whereby the Michigan Receiver agreed to collect the principal and income for the Iowa Receiver and to account for and remit the proceeds to the Iowa Receiver. This agreement is still in force and effect although on or about September 1, 1939, the Michigan Receiver has failed and refused to remit the amounts collected to the Iowa Receiver. Plaintiff states upon information and belief that this defendant has collected and is retaining substantial sums of principal and interest collected upon the securities in the possession of plaintiff. In further reply upon information and belief plaintiff admits the allegations therein contained.

10. In reply to paragraph 17 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegations therein contained.

11. In reply to paragraph 18 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein contained.

Answer to Counterclaim.

1. For answer to paragraph 20 of this defendant's counterclaim, the plaintiff admits the allegations therein contained.

2. For answer to paragraph 21 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

3. For answer to paragraph 22 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

[fol. 244] 4. For answer to paragraph 23 and sentences one and two thereof, plaintiff admits the reinsurance agreement and the issuance of a Certificate of Assumption to the policyholders of the American Life Insurance Company of Des Moines. Further answering the plaintiff denies the allegations contained therein regarding the effect of said instruments as pleaded by this defendant. The plaintiff

denies the allegation contained in the last sentence of paragraph 23.

5. For answer to paragraph 24 of this defendant's counterclaim, plaintiff admits the allegations contained in said paragraph relating to the execution of Exhibit "D" attached to plaintiff's Complaint but denies the effect of the contract as pleaded by this defendant. Plaintiff denies that the policyholders in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance protection under the reinsurance agreement. Plaintiff alleges that the policy contract issued to the policyholders of the Des Moines Company included the insurance statutes of the State of Iowa relating thereto and the policy contract and the assumption agreement of the Detroit Company, as well as the reinsurance agreement, required the performance of said contracts in accordance with and pursuant to the laws of the State of Iowa and more particularly the deposit laws of the State of Iowa. The plaintiff refers to and makes a part hereof Exhibits "M" and "N" attached to plaintiff's reply to this defendant's answer.

6. For answer to paragraph 25 of this defendant's counterclaim, plaintiff admits the allegations contained in said paragraph relating to the execution of Exhibit "E" attached to plaintiff's Complaint but denies the effect of the contract as pleaded by this defendant. Plaintiff denies that the policyholders in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance protec- [fol. 245] tion under the reinsurance agreement. Plaintiff alleges that the policy contract issued to the policyholders of the Des Moines Company included the insurance statutes of the State of Iowa relating thereto and the policy contract and the assumption agreement of the Detroit Company, as well as the reinsurance agreement, required the performance of said contracts in accordance with and pursuant to the laws of the State of Iowa and more particularly the deposit laws of the State of Iowa. The plaintiff refers to and makes a part hereof Exhibit "M" and "N" attached to plaintiff's reply to this defendant's answer.

7. For answer to paragraph 26 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

8. For answer to paragraph 27 of this defendant's counterclaim, plaintiff admits that securities were withdrawn and other securities substituted in the deposit with the Insurance Commissioner of the State of Iowa pursuant to the reinsurance contracts and the deposit laws of the State of Iowa. Plaintiff denies that the amount of said deposit was kept in an amount equal to the net cash value of the policies of insurance which continued in force of the American Life Insurance Company of Des Moines, and states that on June 17, 1938, the fair market value of the securities on deposit was approximately one and one-half million dollars less than the amount required under the reinsurance contracts and the deposit laws of the State of Iowa to cover the net cash value of the policies of insurance of the American Life Insurance Company of Des Moines, Iowa. Plaintiff denies that all of the deposited securities were substituted securities but states that a part of said securities were originally deposited by the American Life Insurance Company of Des Moines, Iowa. Plaintiff admits that as of April 12, 1938, the face amount [fol. 246] of insurance in force of the Des Moines Company policyholders was approximately seven million dollars. Plaintiff states that the face value of the amount of securities on deposit with the Insurance Commissioner of the State of Iowa as of said date was approximately three million six hundred thousand dollars, but the fair market value of said securities was approximately one and one-half million dollars less than the face value.

9. For answer to paragraph 28 of this defendant's counterclaim, plaintiff neither admits nor denies the allegations therein contained for the reason that he does not have information sufficient to form a belief and as to such allegations leaves this defendant to proofs.

10. For answer to paragraph 29 of this defendant's counterclaim, plaintiff admits that annual financial statements of American Life Insurance Company were filed with the Insurance Commissioner of the State of Iowa. Plaintiff admits that the Commissioner of Insurance of the State of Iowa did not grant the Company permission to do business in the State of Iowa for the year 1938 or subsequent to said date. Upon information and belief

the plaintiff denies all other allegations contained in said paragraph.

11. For answer to paragraph 30 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

12. For answer to paragraph 31 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

13. For answer to paragraph 32 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

14. For answer to paragraph 33 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

[fol. 247] 15. For answer to paragraph 34 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

16. For answer to paragraph 35 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

17. For answer to paragraph 36 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

18. For answer to paragraph 37 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

19. For answer to paragraph 38 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

Wherefore, plaintiff asks that the prayer of this defendant's counterclaim be denied; the plaintiff prays that the Court determine the value of the securities deposited with the Insurance Commissioner of Iowa and establish the amount of impairment and deficiency in the value of the deposited securities as of June 17, 1938, in connection with the net cash value due on the policies of the Des

Moines Company as of said date, and that judgment be entered in favor of plaintiff and against this defendant for the amount of any deficiency, and that this plaintiff be granted such other and further relief as may be just or equitable in the premises.

CHARLES R. FISCHER,
Commissioner of Insurance of State of Iowa, as Receiver for American Life Insurance Company, Plaintiff,
By Willis J. O'Brien.

HUGHES, O'BRIEN & HUGHES,
Attorneys for Plaintiff.

(For Exhibit M, see Exhibit F in record.)

(For Exhibit N, see Exhibit E in record.)

[fol. 248] (Reply of Plaintiff to Answer of Defendant, Dan E. Lydick, Receiver, etc.)

Filed in U. S. District Court, May 8, 1940.

Comes now the plaintiff and for reply to the answer of defendant Dan E. Lydick, etc., states:

1. For reply to paragraph 1 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein contained.

Wherefore, plaintiff prays as in his Complaint.

CHARLES R. FISCHER,
Commissioner of Insurance of State of Iowa, as Receiver for American Life Insurance Company, Plaintiff.
By Willis J. O'Brien.

HUGHES, O'BRIEN & HUGHES,
Attorneys for Plaintiff.

[fol. 249] (Reply of Plaintiff to Answer and Counterclaim of Defendant, American United Life Insurance Company.)

(Filed in U. S. District Court, May 8, 1940.)

Comes now the plaintiff and for reply to the answer of defendant American United Life Insurance Company, states:

1. In reply to paragraph 1 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein stated.

2. In reply to paragraph 3 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegations therein stated.

3. In reply to paragraph 4 of this defendant's answer, the plaintiff upon information and belief admits the affirmative allegations therein contained.

4. In reply to paragraph 8 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein stated. Plaintiff alleges that the statutory laws of the State of Iowa are incorporated in and a part of the policy contracts of the American Life [fol. 250] Insurance Company of Des Moines, Iowa. That said policies on their face in large letters contain this provision: "This contract is protected by a deposit of approved securities with the State of Iowa." In addition to the reinsurance contracts heretofore referred to, the American Life Insurance Company of Detroit, Michigan, entered into an assumption agreement with each of the policyholders of the Des Moines Company. Attached hereto marked Exhibit "M" and Exhibit "N" are true copies of the first page of the insurance policy issued by the American Life Insurance Company of Des Moines, Iowa, and the Assumption Agreement of the American Life Insurance Company of Detroit, Michigan, which exhibits are by this reference made a part hereof.

5. In reply to paragraph 10 of this defendant's answer, except the admission, plaintiff denies the affirmative allegation therein stated.

6. In reply to paragraph 12 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegation therein contained.

7. In reply to paragraph 13 of this defendant's answer, plaintiff denies the averment that said deposit was far in excess of the deposit required under the aforesaid contracts, and states that said deposit, pursuant to the Iowa statutes and the reinsurance agreements, was on June 17, 1938, more than one and one-half million dollars less than the amount required, and the fair market value of the securities on June 17, 1938, was more than a million and a half dollars less than the face value of said securities.

8. In reply to paragraph 14 of this defendant's answer, the plaintiff denies the allegations therein contained.

[fol. 251] 9. In reply to paragraph 15 of this defendant's answer, the plaintiff states that an agreement was made and entered into between the Iowa and Michigan Receivers, protected by a performance bond in the sum of $50,000.00, whereby the Michigan Receiver agreed to collect the principal and income for the Iowa Receiver and to account for and remit the proceeds to the Iowa Receiver. This agreement is still in force and effect although on or about September 1, 1939, the Michigan Receiver has failed and refused to remit the amounts collected to the Iowa Receiver. Plaintiff states upon information and belief that this defendant has collected and is retaining substantial sums of principal and interest collected upon the securities in the possession of plaintiff. In further reply upon information and belief plaintiff admits the allegations therein contained.

10. In reply to paragraph 17 of this defendant's answer, except the admission, the plaintiff denies the affirmative allegations therein contained.

11. In reply to paragraph 18 of this defendant's answer, except the admission, plaintiff denies the affirmative allegations therein contained.

Answer to Counterclaim.

1. For answer to paragraph 20 of this defendant's counterclaim, the plaintiff admits the allegations therein contained.

2. For answer to paragraph 21 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

3. For answer to paragraph 22 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

[fol. 252] 4. For answer to paragraph 23 and sentences one and two thereof, plaintiff admits the reinsurance agreement and the issuance of a Certificate of Assumption to the policyholders of the American Life Insurance Company of Des Moines, Further answering the plaintiff denies the allegations contained therein regarding the effect of said instruments as pleaded by this defendant. The plaintiff denies the allegation contained in the last sentence of paragraph 23.

5. For answer to paragraph 24 of this defendant's counterclaim, plaintiff admits the allegations contained in said paragraph relating to the execution of Exhibit "D" attached to plaintiff's Complaint but denies the effect of the contract as pleaded by this defendant. Plaintiff denies that the policyholders in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance protection under the reinsurance agreement. Plaintiff alleges that the policy contract issued to the policyholders of the Des Moines Company included the insurance statutes of the State of Iowa relating thereto and the policy contract and the assumption agreement of the Detroit Company, as well as the reinsurance agreement, required the performance of said contracts in accordance with and pursuant to the laws of the State of Iowa and more particularly the deposit laws of the State of Iowa. The plaintiff refers to and makes a part hereof Exhibits "M" and "N" attached to plaintiff's reply to this defendant's answer.

6. For answer to paragraph 25 of this defendant's counterclaim, plaintiff admits the allegations contained in said paragraph relating to the execution of Exhibit "E" attached to plaintiff's Complaint but denies the effect of the contract as pleaded by this defendant. Plaintiff denies that the policyholders in the American Life Insurance Company of Des Moines, Iowa, acquired new insurance

protection under the reinsurance agreement. Plaintiff [fol. 253] alleges that the policy contract issued to the policyholders of the Des Moines Company included the insurance statutes of the State of Iowa relating thereto and the policy contract and the assumption agreement of the Detroit Company, as well as the reinsurance agreement, required the performance of said contracts in accordance with and pursuant to the laws of the State of Iowa and more particularly the deposit laws of the State of Iowa. The plaintiff refers to and makes a part hereof Exhibit "M" and "N", attached to plaintiff's reply to this defendant's answer.

7. For answer to paragraph 26 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

8. For answer to paragraph 27 of this defendant's counterclaim, plaintiff admits that securities were withdrawn and other securities substituted in the deposit with the Insurance Commissioner of the State of Iowa pursuant to the reinsurance contracts and the deposit laws of the State of Iowa. Plaintiff denies that the amount of said deposit was kept in an amount equal to the net cash value of the policies of insurance which continued in force of the American Life Insurance Company of Des Moines, and states that on June 17, 1938, the fair market value of the securities on deposit was approximately one and one-half million dollars less than the amount required under the reinsurance contracts and the deposit laws of the State of Iowa to cover the net cash value of the policies of insurance of the American Life Insurance Company of Des Moines, Iowa. Plaintiff denies that all of the deposited securities were substituted securities but states that a part of said securities were originally deposited by the American Life Insurance Company of Des Moines, Iowa. Plaintiff admits that as of April 12, 1938, the face [fol. 254] amount of insurance in force of the Des Moines Company policy holders was approximately seven million dollars. Plaintiff states that the face value of the amount of securities on deposit with the Insurance Commissioner of the State of Iowa as of said date was approximately three million six hundred thousand dollars, but the fair market value of said securities was approximately one and one-half million dollars less than the face value.

9. For answer to paragraph 28 of this defendant's counterclaim, plaintiff neither admits nor denies the allegations therein contained for the reason that he does not have information sufficient to form a belief and as to such allegations leaves this defendant to proofs.

10. For answer to paragraph 29 of this defendant's counterclaim, plaintiff admits that annual financial statements of American Life Insurance Company were filed with the Insurance Commissioner of the State of Iowa. Plaintiff admits that the Commissioner of Insurance of the State of Iowa did not grant the Company permission to do business in the State of Iowa for the year 1938 or subsequent to said date. Upon information and belief the plaintiff denies all other allegations contained in said paragraph.

11. For answer to paragraph 30 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

12. For answer to paragraph 31 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

13. For answer to paragraph 32 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

14. For answer to paragraph 33 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

[fol. 255] 15. For answer to paragraph 34 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

16. For answer to paragraph 35 of this defendant's counterclaim, plaintiff admits the allegations therein contained.

17. For answer to paragraph 36 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

18. For answer to paragraph 37 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

19. For answer to paragraph 38 of this defendant's counterclaim, plaintiff denies the allegations therein contained.

Wherefore, plaintiff asks that the prayer of this defendant's counterclaim be denied; the plaintiff prays that the Court determine the value of the securities deposited with the Insurance Commissioner of Iowa and establish the amount of impairment and deficiency in the value of the deposited securities as of June 17, 1938, in connection with the net cash value due on the policies of the Des Moines Company as of said date, and that judgment be entered in favor of plaintiff and against this defendant or the "American Life Fund" in the possession of this defendant for the amount of any deficiency, and that this plaintiff be granted such other and further relief as may be just or equitable in the premises.

CHARLES R. FISCHER,
Commissioner of Insurance of State of Iowa, as Receiver for American Life Insurance Company, Plaintiff,

By Willis J. O'Brien,
Hughes, O'Brien & Hughes,
Attorneys for Plaintiff.

(Note for Exhibits M and N, see Exhibits F and E in record.)

[fol. 256] Transcript of Testimony.

Filed in U. S. District Court, August 29, 1940.

In the United States Circuit Court of Appeals,
For Eighth Circuit.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Appellants,

vs.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Appellee.

Be It Remembered that heretofore to-wit, on the 3d day of June, 1940, the above cause came on for trial at Des Moines, Iowa, upon the issues joined herein before his Honor Charles A. Dewey sitting as Judge of said Court without a jury.

Whereupon the parties respectively offered and introduced the evidence and exhibits hereinafter set forth including objections and motions made and rulings of the Court thereon.

Appearances: Willis J. O'Brien and John N. Hughes. Jr., of Hughes, O'Brien and Hughes, attorneys for the plaintiff; Robert A. Adams and A. J. Jahr, attorneys for the American United Life Insurance Company; Clayton F. Jennings, attorney for John G. Emery, Commissioner [fol. 257] of Insurance of the State of Michigan as permanent liquidating receiver of American Life Insurance Company; John M. Scott and B. E. Godfrey, attorneys for Dan E. Lydick, Texas Receiver; Phineas N. Henry of Henry and Henry, attorney for all of the defendants.

Thereupon the following evidence was introduced and proceedings had:

Mr. O'Brien: The plaintiff offers, introduces and reads in evidence Exhibit A, being entitled "A Stipulation of Facts" filed June 3, 1940, in the office of the Clerk of the United States District Court, together with all of the exhibits referred to and attached thereto as follows:

[fol. 258] Exhibit A.

Stipulation of Facts.

Filed in U. S. District Court, June 3, 1940.

The parties hereto by their respective attorneys stipulate and agree to the facts hereinafter set forth, but reserving to themselves the right to object to the admission of any of said facts in evidence on the grounds of relevancy, materiality and competency, and reserving to themselves the right to produce further testimony:

1. The Northern Assurance Company of Michigan was incorporated under the laws of the State of Michigan in the year 1907, had its principal place of business at Detroit,

Wayne County, Michigan, and was engaged in the business of writing contracts of life insurance.

[fol. 259] 2. The American Life Insurance Company of Des Moines, Iowa, was incorporated under the laws of the State of Iowa in the year 1900, the certificate of the Insurance Commissioner of the State of Iowa authorizing it to do business being dated September 1, 1900, had its principal place of business at Des Moines, Polk County, Iowa, and was engaged in the business of writing contracts of life insurance. The company was actively engaged in the insurance business at the time the contracts were made hereinafter designated Exhibits A, B and C.

3. In the year 1921 the Northern Assurance Company, by amendment to its articles of incorporation, changed its name to the American Life Insurance Company, but continued to maintain its office and principal place of business in the City of Detroit, Wayne County, Michigan.

4. On August 24, 1921 the American Life Insurance Company of Des Moines, Iowa, entered into a written contract with the American Life Insurance Company of Detroit, Michigan, a Michigan corporation, and said contract was approved by the Commission of the State of Iowa on August 27, 1921, and by the Insurance Commissioner of the State of Michigan on September 1, 1921. Thereafter supplemental written contracts were entered into between said two companies, said agreements being dated respectively December 27, 1922 and October 24, 1923. True copies of each of said agreements, which were duly signed, executed, approved and delivered by the parties thereto, are attached hereto, and marked Exhibits A, B and C.

5. There were on deposit with the Insurance Commissioner of the State of Iowa as of August 24, 1921, securities of the face value of $2,930,840.71; as of December 27, 1922, securities of the face value of $3,241,420.00; and as of October 24, 1923, securities of the face value of $3,397,205.00; said deposits being equal to the reserves on all [fol. 260] policies in force in the American Life Insurance Company of Des Moines, Iowa, on the respective dates.

6. Under the contracts, Exhibits A, B and C, the American Life Insurance Company of Detroit, Michigan, issued

to all policyholders of American Life Insurance Company of Des Moines, Iowa, its certain certificate of assumption of policy liability, a true copy of the certificate of assumption being attached hereto, made a part hereof, and marked Exhibit E. Said certificates of assumption were furnished to each of the policyholders of the American Life Insurance Company of Des Moines, Iowa, who accepted said certificates and retained them. Attached hereto, made a part hereof, and marked Exhibit F is a true copy of the policy contract issued to the policyholders by the American Life Insurance Company of Des Moines, Iowa. Prior to September 1, 1921 all of the policies of the Des Moines Company were executed and issued at the home office of the company in Des Moines, Polk County, Iowa; and subsequent to September 1, 1921 to October 24, 1923 the policy form was as set forth in Exhibit G. After the execution of the contract Exhibit A, the American Life Insurance Company of Detroit desired to continue writing new business in states wherein the American Life Insurance Company of Des Moines was licensed and the American Life Insurance Company of Detroit was not, until such time as the American Life Insurance Company of Detroit could obtain licenses. During the period September 1, 1921 to October 23, 1923, new business was written and 421 policies issued by the American Life Insurance Company of Des Moines, necessitating the execution of contracts Exhibits B and C on policy form Exhibit G of which number 44 policies are now in force,

7. After the execution of the contract Exhibit C, the American Life Insurance Company of Des Moines, Iowa, was dissolved and terminated as a corporate entity.

[fol. 261] 8. From time to time securities were withdrawn from the deposit with the Insurance Commissioner of the State of Iowa by the American Life Insurance Company of Detroit, Michigan, and securities of the same kind and character were deposited in lieu thereof, and at all times the face amount of said deposit was kept in an amount equal to the legal reserves upon the policies of insurance which originated in the American Life Insurance Com-

pany of Des Moines, Iowa. The withdrawal and substitution of securities by the American Life Insurance Company of Detroit, Michigan, was continued to April 12, 1938, and all securities, except five items of the face value of approximately $30,000 which constituted a part of the said deposit, were substituted securities and were not a part of the deposit at the time of the execution of the contracts aforesaid. The excepted items were securities deposited by the American Life Insurance Company of Des Moines, Iowa. From the date of the execution of the contracts, Exhibits A, B and C, to April 12, 1938, the American Life Insurance Company, through its qualified officers and agents, collected and retained all income of every kind and character from the securities in the deposit, and did not account therefor to the Insurance Commissioner of the State of Iowa. The American Life Insurance Company determined administrative questions relating to said securities, extended notes and mortgages included in the deposit, and handled said notes and mortgages in the same manner as all other securities belonging to American Life Insurance Company not a part of the deposit. No notice was given to any obligor of any note or mortgage of its being deposited with the Insurance Commissioner of the State of Iowa. The interest coupons on bonds included in the deposit, were [fol. 262] clipped by the Insurance Commissioner of the State of Iowa, or an employee in his office, and sent to the American Life Insurance Company. There were no written instruments of transfer duly signed and acknowledged of any of the notes and mortgages in the deposit to the Insurance Commissioner of the State of Iowa, but the physical possession of the notes was delivered to the Insurance Commissioner of the State of Iowa. The notes included in the deposit were not endorsed by the American Life Insurance Company. The securities in the deposit were delivered with transmittal letters through the mail by the American Life Insurance Company to the Insurance Commissioner of the State of Iowa.

9. After the execution of the contracts, Exhibits A, B and C, the American Life Insurance Company of Detroit, Michigan, operated in various states in the Union, including the States of Iowa and Michigan, and during said period of time wrote and issued various policies of insur-

ance to the citizens and residents of said states, including Iowa and Michigan. As a part of the operation of the business of the American Life Insurance Company of Detroit, Michigan, in the said several states, the laws of said states required that the said company file with the Commissioners of Insurance of the several states, including Iowa and Michigan, annual statements showing the financial condition of the American Life Insurance Company as of December 31, of each operating year. The American Life Insurance Company of Detroit, Michigan, filed such statements with the said Commissioners of Insurance of the said several states, including Iowa and Michigan. The statements disclosed the assets on deposit with the Insurance Commissioner of Iowa as of December 31st of each year from De- [fol. 263] 31, 1921 to ~~and~~ including December 31, 1937, as shown by photostatic copies of a page of each of said statements, being schedules relating to Question No. 14 under the heading "General Interrogatories", which pages are marked Exhibits G-1 to G-17 inclusive and attached hereto. The question and answer in each of said statements are: "Q. 14. Were all the stocks, bonds and other securities owned December 31st of the current year in the actual possession of the company on said date except as shown by the Schedule of Special and Other Deposits? A. Yes."

10. On April 12, 1938 Charles E. Gauss, the Insurance Commissioner of the State of Michigan, filed a bill of complaint, pursuant to Section 12,263, et seq. of the Compiled Laws of the State of Michigan, 1929, a copy of which is attached hereto, made a part hereof and marked Exhibit H, in the Circuit Court for the County of Ingham, in Chancery, State of Michigan, alleging the insolvency of the American Life Insurance Company of Detroit, Michigan, and praying for the appointment of a receiver and the dissolution of said company or the reinsurance of its business because of insolvency. On April 13, 1938 the Insurance Commissioner of the State of Michigan took possession of the American Life Insurance Company of Detroit, Michigan, as custodian.

11. Issue was joined upon the aforesaid bill of complaint filed by the Insurance Commissioner of the State of

Michigan, and the cause was tried on its merits. On June 7, 1938 the Ingham County Circuit Court entered an order appointing the Commissioner of Insurance of the State of Michigan as temporary receiver. A true copy of said order is hereto attached and marked Exhibit I. An appeal was [fol. 264] taken from this order to the Supreme Court of the State of Michigan, where the decision of the trial court was affirmed on the 5th day of September, 1939. Pursuant to said decision the Circuit Court for the County of Ingham in Chancery entered an order on September 16, 1939 appointing John G. Emery, Commissioner of Insurance of the State of Michigan, Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, pursuant to statute, a true copy of said order being attached hereto and marked Exhibit J.

12. Copies of the statutes of the State of Michigan in full force and effect in 1921 and now, as set out in the Compiled Laws of Michigan, 1929, are attached hereto marked Exhibit H.

13. Copies of the statutes of the State of Iowa in full force and effect in 1921 and now, set forth in the Code of Iowa, 1939, are attached hereto and marked Exhibit D.

14. On May 29, 1938 there was filed in the case styled Thomas H. Miller vs. American Life Insurance Company, the original petition, in the District Court of Tarrant County, Texas, 96th Judicial District. On July 29, 1938 the Court entered an order appointing Dan E. Lydick, Receiver of the Texas assets of American Life Insurance Company, a true copy of which order is attached hereto and marked Exhibit K.

15. Between March 24, 1936 and October 14, 1936, the following named companies were duly incorporated, organized and existing under the laws of the State of Texas, having their principal offices in Edcouch, Hidalgo County, [fol. 265] Texas, and were so constituted on April 12, 1938:

Rayman Company; Willamar Company; Raphael Company; Mestenas Company; Delta Haven Company; and Hargill Company.

The officers of such companies were:

Sawnie B. Smith,	President
George E. Leonard,	Vice President
W. B. Cragon,	Secretary

which said individuals in the same capacities served as corporate officers for each of said companies. The corporate stock of each of said corporations was $1000.00, divided into 100 shares of $10.00 par value, each. The $1000 00 capital stock of each corporation was paid for by American Life Insurance Company. The certificates of the capital stock so paid for were issued and delivered to Geo. E. Leonard, Sawnie B. Smith, and Edward G. Pinkston. Upon the delivery of the said certificates of the capital stock each of the certificates was endorsed by the record owner in blank, and delivered to Geo. E. Leonard, an employee of American Life Insurance Company. Geo. E. Leonard placed the certificates in a safe deposit box at Edinburg, Hidalgo County, Texas. After the appointment of Charles E. Gauss, Insurance Commissioner of Michigan, as custodian and temporary receiver of American Life Insurance Company, Geo. E. Leonard delivered the certificates so endorsed to the Secretary of the respective corporations, and said certificates were cancelled, and new certificates issued to, and in the name of American Life Insurance Company. The stock certificates so issued to American Life Insurance Company were delivered by the secretary for each and all of the companies to Edward K. Ellsworth, one of the attorneys for [fol. 266] said Gauss, and Ellsworth delivered the stock certificates to the Insurance Commissioner of Texas. Later, and during August 1938, the Insurance Commissioner of Texas delivered the stock certificates to Gauss in Michigan and thereafter Gauss delivered the stock certificates to Dan E. Lydick, Texas Receiver, not pursuant to court order of the Michigan Court. On August 2, 1938, the receivership in Texas in Cause No. 21854-A styled Thomas H. Miller vs. American Life Insurance Company, was extended to each of the named companies. A true copy of said order is attached and marked Exhibit O. Thereafter Dan E. Lydick, Receiver, upon order of the Court dissolved each of said companies.

16. On June 17, 1938 the Attorney General of the State of Iowa filed a petition in the District Court of Polk County, Iowa for the appointment of a receiver. A true copy of the petition without exhibit is hereto attached and marked Exhibit L. On the same date the Insurance Commissioner of the State of Iowa was appointed temporary receiver of the American Life Insurance Company of Detroit, Michigan, who qualified in such capacity, a true copy of this order being attached hereto and marked Exhibit M. A trial was had upon the issues, and on October 30, 1939 the District Court of Polk County, Iowa, entered an order and decree, and appointed Charles R. Fischer, Commissioner of Insurance of the State of Iowa, receiver of the American Life Insurance Company of Detroit, Michigan, who qualified in such capacity, a true copy of this order being attached hereto and marked Exhibit N.

17. On November 17, 1939 the American United Life Insurance Company of Indianapolis, Indiana, and John [fol. 267] G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, entered into a written agreement with the approval of the Circuit Court of the County of Ingham, State of Michigan, in Chancery, for the reinsurance of the business of the American Life Insurance Company of Detroit, Michigan, and said American United Life Insurance Company issued a certificate of assumption for all insurance policies outstanding of the American Life Insurance Company of Detroit, Michigan. A copy of the certificate of assumption and reinsurance agreement is hereto attached and marked Exhibit P.

18. On November 17, 1939 there were 4,313 policyholders who originated with the American Life Insurance Company of Des Moines, Iowa, representing insurance in force in the amount of $6,657,364.82. These policyholders were distributed among 41 different states, as well as Canada, Philippine Islands, Hawaii, Porto Rico and South America. Of these policyholders 1,535 were residents of the State of Iowa, representing insurance in force in the amount of $2,456,039.00, or 36.89%. Of the total number 55 were residents of the State of Texas, representing in-

surance in force in the amount of $90,037.00. All of the policyholders who originated in the American Life Insurance Company of Des Moines, Iowa, except 81, did not dissent from the reinsurance agreement entered into with the American United Life Insurance Company of Indianapolis, Indiana. Said 81 policyholders, representing $122,974.00 insurance in force, filed claims with the Michigan receiver for submission to the Circuit Court for the County of Ingham, State of Michigan, in Chancery. On [fol. 268] September 1, 1921 the distribution of said business among the states was as set forth in Exhibit Q.

19. On April 12, 1938 there were on deposit with the Insurance Commissioner of the State of Iowa, and at his office in Des Moines, Polk County, Iowa, securities of the face value of $3,600,205.59, and on June 17, 1938 there were on deposit with the said Insurance Commissioner securities of the face value of $3,578,252.11. The securities consisted of bonds, real estate mortgages securing promissory notes, real estate contracts, vendor lien notes secured by mortgages and trust deeds, and notes secured by policy reserves, being policy loans. A list of the securities in the possession of the Insurance Commissioner of the State of Iowa on said last date is hereto attached and marked Exhibit R. On April 30, 1940, all of the securities from the deposit and the proceeds therefrom in the possession of the Iowa Receiver were of the face value of $3,442,550.54, as shown by the books of the Iowa Receiver. The valuation of the securities in the possession of the Iowa Receiver not having been completed, for the purpose of this case, it is agreed that the present value of the assets is 25 percent less than the face value stated. A description of the assets in the possession of the Iowa Receiver on April 30, 1940 and their face value are as follows:

Mortgage loans	$1,110,254.00
Policy loans	888,967.86
Real estate contracts	116,988.69
Rio Grande Valley Deeds of Trust	862,586.31
Real Estate	175,249.98
Cash in Banks	288,503.70
Total	$3,442,550.54

[fol. 269] 20. The reserves on the policies originally issued by the American Life Insurance Company of Des Moines, Iowa, on March 31, 1938, the date of the last computation prior to receivership, as shown by the books of the company, was as follows:

Life Reserve	$3,452,667.00
Disability Reserve	30,629.99
Double Indemnity Reserve	905.45
Present Value of Disability Benefits	53,198.00
Present Value of Supplementary Contracts	45,464.64
Total	$3,582,865.08

As a setoff against this, there would be net uncollected premiums of $3,500.00 and net deferred premiums of $4,730.53, or an aggregate of $8,230.53, reducing the reserve to $3,574,634.55, as shown by the books of the company.

21. The last computation made by the Michigan Receiver, of said reserves as shown by his books and records, was on June 30, 1938, as follows:

Life Reserve		$3,461,648.00
Disability reserve		30,474.97
Double Indemnity Reserve		844.88
Present Value of Disability Benefits		52,801.00
Present Value of Supplementary Contracts		45,100.73
Disability Benefits Due and Unpaid		1,470.00
Supplementary Contracts Due and Unpaid		615.84
Total		$3,592.955.42
Net Uncollected Premiums	$6,232.04	
Net Deferred Premiums	4,977.00	11,209.04
		$3,581,746.38

[fol. 270] 22. On June 17, 1938 the Insurance Commissioner of the State of Iowa, Temporary Receiver for the American Life Insurance Company in the State of Iowa, took physical possession of all the notes, mortgages, trust deeds, bearer bonds and policy loans on deposit with the Insurance Commissioner of the State of Iowa, in Des

Moines, Iowa, described in Exhibit R, and now is in physical possession of all of said securities or the proceeds therefrom except the proceeds collected and withheld by the Texas Receiver.

23. John G. Emery, Insurance Commissioner of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, is in possession of the cards, books and records relating to the policies known as the Des Moines Company business and has been collecting the premiums upon said business from April 13, 1938 to November 17, 1939, which collections are segregated, retained, and separate accounts kept thereof, a part having been used for partial payment on death claims arising from the Des Moines Company business subsequent to June 17, 1938, by an agreement between the Michigan and Iowa Receivers and pursuant to the orders of the Ingham County, Michigan Circuit Court and of the District Court of Polk County, Iowa.

Said premium collections after November 17, 1939, have been made by the reinsuring company, the American United Life Insurance Company of Indianapolis, Indiana, which company is now in possession of the cards, books and records pertaining to said business and is retaining the premiums collected.

24. Pending an adjudication of the rights of the parties, the income on and the liquidation of the assets listed in Exhibit R have been collected in the State of Michigan [fol. 271] by the Michigan Receiver under a written agreement between the Michigan and Iowa Receivers; in the State of Texas by Dan E. Lydick, Receiver; in Oklahoma by Jess G. Read, Commissioner of Insurance and Receiver, under a written agreement; and in the State of Iowa and certain assets in Michigan by the Iowa Receiver on securities included in the Iowa deposit; and the Iowa Receiver is collecting the income on and the proceeds from the liquidation of three Iowa farm contracts and five Iowa farms which were not included in the Iowa Deposit, under an agreement between the Michigan and Iowa Receivers and the order of the District Court of Folk County, Iowa. The collections and expenditures on the farm contracts and

farm last mentioned are kept in a separate account. The collections made by Dan E. Lydick, Texas Receiver, have been retained by him in a segregated account. The collections made by the Michigan and Oklahoma Receivers have been remitted to the Iowa Receiver. The Texas Receiver without agreement or the consent of the Iowa Receiver has collected principal and income to May 31, 1940 on securities listed in Exhibit R the sum of $32,998.54.

25. Attached hereto and marked Exhibit S is an order entered in the District Court of the United States for the Northern District of Texas, Fort Worth, Division, on May 20, 1940. Also attached hereto is an order entered in the Circuit Court for the County of Ingham, Michigan, dated May 9, 1940, and marked Exhibit T. Attached hereto and marked Exhibit U is a copy of the application and order entered in the District Court of Polk County, Iowa.

[fol. 272]

PHINEAS M. HENRY,
CLAYTON F. JENNINGS,
Attorneys for John G. Emery, Permanent Liquidating Receiver of the American Life Insurance Company.

PHINEAS M. HENRY,
B. E. GODFREY &
JOHN M. SCOTT,
Attorneys for Dan E. Lydick, Texas Receiver of the American Life Insurance Comapny.

PHINEAS M. HENRY,
AARON T. JAHR,
Attorney for the American United Life Insurance Company.

WILLIS J. O'BRIEN,
Attorney for Charles R. Fischer, Iowa Receiver of the American Life Insurance Company.

[fol. 273] Exhibit A.

State of Michigan

Department of Insurance

Lansing

Filed Sep. 2, 1921

A C Savage

I, L. T. Hands, Commissioner of Insurance of the State of Michigan, Do Hereby Approve of the Contract of Reinsurance, dated August 24, 1921, by and between the American Life Insurance Company, Detroit, Michigan, and the American Life Insurance Company of Des Moines, Iowa, as the same is hereto attached.

In Witness Whereof, I have hereunto set my hand and affixed my Official seal at Lansing, this first day of September, A. D. 1921.

L. T. HANDS,
(Seal) Commissioner of Insurance.

[fol. 274] In the matter of the petition of the American Life Insurance Company, Detroit, Michigan, to enter into a contract of reinsurance with the American Life Insurance Company of Des Moines, Iowa.

The above entitled matter came on for hearing on the 29th day of August, A. D. 1921, and having been duly considered on the petition as submitted, and upon examination of the contract whereby the said American Life Insurance Company, Detroit, Michigan, desires to reinsure, take over, and assume the life insurance business of said American Life Insurance Company of Des Moines, Iowa, as of July 30th, 1921, including contracts of life insurance, endowments and annuities, together with all outstanding obligations and contracts of all kinds of said American Life Insurance Company of Des Moines, Iowa, as of that date, except the liability to its stockholders, and having considered the financial statements and copies of reports of examinations made of both companies, said examinations having been made by the Insurance Departments of the states of Iowa and Michigan.

Now, Therefore, having heard the evidence produced by said parties and examined all the records and proceedings in said matter,

We, the Commission provided for under the provisions of Section 1821-q of the Code of Iowa as amended, do hereby approve of the contract of reinsurance by and between the American Life Insurance Company, Detroit, Michigan, and the American Life Insurance Company of Des Moines, Iowa, as the same is heretc attached.

Dated at Des Moines, Iowa, this 27th day of August, A. D. 1921.

N. E. KENDALL,
Governor of State of Iowa.

BEN J. GIBSON,
Attorney General, State of Iowa.

A. C. SAVAGE,
Commissioner of Insurance.

[fol. 275] This Agreement Made this 24th day of August 1921, by and between the American Life Insurance Company, of Des Moines, Iowa, a corporation organized and existing under the laws of the State of Iowa, party of the first part, and the American Life Insurance Company, Detroit, Michigan, formerly Northern Assurance Company of Michigan, of Detroit, Michigan, a corporation organized and existing under the laws of the State of Michigan, party of the second part, Witnesseth:

Whereas the said American Life Insurance Company of Des Moines, Iowa, desires to sell, transfer, deliver, and assign to the said American Life Insurance Company, Detroit, Michigan, as of July 30, 1921, all of its life insurance business; including contracts of life insurance, endowments and annuities, and all of its outstanding obligations of every nature and have all its policy contracts reinsured with and its outstanding obligations of every nature except liability to its stockholders, then accrued or thereafter to accrue thereon, assumed by said American Life Insurance Company, Detroit, Michigan; and

Whereas the said American Life Insurance Company, Detroit, desires to insure, take over, and assume the life insurance business of said American Life Insurance Company, of Des Moines, Iowa, as of July 30, 1921, including contracts of life insurance, endowments and annuities, together with all outstanding obligations of said American Life Insurance Company of Des Moines, Iowa, as of that date, except the liability to its stockholders.

Now, Therefore, in consideration of the premises and in consideration of one dollar ($1.00) to said American Life Insurance Company, of Des Moines, Iowa, duly paid and of mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. The said American Life Insurance Company, Detroit, Michigan, upon approval of this contract by the Commissioner of Insurance of the State of Michigan and by the commission created by and under the terms of the statutes of Iowa, 30 G. A. Ch. 58, for the approval of reinsurance contracts, does hereby underwrite, assume, reinsure and guarantee all of the insurance policies and contracts of said American Life Insurance Company, of Des Moines, Iowa, including contracts of life insurance, endowments and annuities, in force on July 30, 1921, whether issued at such time or thereafter issued, and the said American Life Insurance Company, Detroit, Michigan, does hereby, upon [fol. 276] approval of such contract, assume and agree to pay all valid, legal outstanding contractual liabilities of said American Life Insurance Company, of Des Moines, Iowa, as of July 30, 1921, and covenants and agrees to and with the said American Life Insurance Company, of Des Moines, Iowa, and to and with each of the holders of the policies and contracts herein referred to, and to and with the beneficiaries thereof, and their legal representatives and assigns, and each and every of them, to assume and carry out the several obligations of the American Life Insurance Company contained in the policies and contracts herein referred to, and covenants and agrees to forthwith issue to each holder of such policies and contracts of life insurance, endowments and annuities its independent certificate of assumption as of July 30, 1921, to be attached to each such policy or contract reinsuring the same accord-

ing and subject to the terms and conditions thereof; provided, however, that all obligations and liabilities hereby assumed by the American Life Insurance Company, Detroit, Michigan, are subject to all defenses, counter claims, and offsets which are or might hereafter become available to the said American Life Insurance Company of Des Moines, Iowa.

2. The said American Life Insurance Company, of Des Moines, Iowa, does hereby, upon approval of this contract by said commission of the State of Iowa and by the Commissioner of Insurance of the State of Michigan, sell, transfer, assign, and convey to the said American Life Insurance Company, Detroit, Michigan, all of its right, title and interest as of July 30, 1921, in and to all of its policies and contracts of life insurance, endowments and annuities issued on or prior to that date or in force at that time whether such policies are issued at such time or thereafter.

3. The said American Life Insurance Company, of Des Moines, Iowa, does hereby, upon such approval of this contract, sell, transfer, assign, and convey to the said American Life Insurance Company, of Detroit, Michigan, as of July 30, 1921, all of the assets and property of the said American Life Insurance Company of Des Moines, Iowa, including mortgages, notes, bonds, accounts, cash, agents' balances, and other evidences of debt or credit, furniture, fixtures, and all property of every kind and nature owned or possessed by the said American Life Insurance Company at such time, wherever situated, excepting a sufficient amount in value of such cash, bonds, and mortgages, to cover the capital and admitted surplus of said American [fol. 277] Life Insurance Company, of Des Moines, Iowa, as shown by a report of the condition of said American Life Insurance Company, of Des Moines, as of July 30, 1921, as computed and determined by the Insurance Departments of the States of Iowa and Michigan.

4. Upon approval of this contract, all the receipts and disbursements of the said American Life Insurance Company, of Des Moines, Iowa, on and after July 30, 1921, relating to and connected with the property, securities, or policies hereby transferred to the said American Life Insurance Company, Detroit, Michigan, shall be and become

the receipts and disbursements of the said American Life Insurance Company, Detroit, Michigan, and shall be accounted for by the said American Life Insurance Company, of Des Moines, Iowa, to the said American Life Insurance Company, Detroit, Michigan.

5. The transfer hereby made is subject to the requirements of the statutes of the State of Iowa, relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts of life insurance, endowments, or annuities, and it is understood that many of the securities hereby transferred are now in the custody of said Commissioner of Insurance of the State of Iowa by virtue of deposits made in pursuance of such statutes.

6. It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance, endowments, or annuities issued by said American Life Insurance Company, of Des Moines, Iowa, and hereby reinsured, will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, of Des Moines, Iowa, under the laws of said State of Iowa. The amount of such deposit required shall be determined by valuation of policies to be made on January first and July first of each year.

In Witness Whereof the parties hereto have caused this agreement to be executed by their respective officers duly authorized and their corporate seals to be affixed on the day and date first above written.

(Seal) AMERICAN LIFE INSURANCE COMPANY of Des Moines, Iowa.
By C. L. Ayres, Its President,
and H. A. Bryan, Its Secretary.

(Seal) AMERICAN LIFE INSURANCE COMPANY, Detroit, Michigan,
By Clarence L. Ayres, Its President,
and Mr. M. O. Rowland, Its Secretary.

[fol. 278] Exhibit B.

In the matter of the petition of the American Life Insurance Company, Detroit, Michigan, to enter into a contract of reinsurance with the American Life Insurance Company of Des Moines, Iowa.

The above entitled matter came on for hearing on the 29 day of December A. D. 1922, and having been duly considered on the petition as submitted, and upon examination of the contract whereby the said American Life Insurance Company, Detroit, Michigan, desired to reinsure, take over, and assume the life insurance business of said American Life Insurance Company of Des Moines, Iowa, as of December 30th, 1922, including contracts of life insurance, endowments and annuities, together with all obligations of said American Life Insurance Company of Des Moines, Iowa, as of that date, and having considered the financial statement of both companies:

Now, Therefore, having heard the evidence produced by said parties and examined all the records and proceedings in said matter,

We, the Commission provided for under the provisions of Section 1821-q of the Code of Iowa as amended, do hereby approve of the contract of reinsurance by and between the American Life Insurance Company, Detroit, Michigan, and the American Life Insurance Company of Des Moines, Iowa, as the same is hereto attached.

Dated at Des Moines, Iowa, this 29 day of December A. D. 1922.

N. E. KENDALL,
Governor of State of Iowa.

BEN J. GIBSON,
Attorney General, State of Iowa.

A. C. SAVAGE,
Commissioner of Insurance.

[fol. 279] This Agreement made this 27th day of December 1922, by and between the American Life Insurance Company, Des Moines, Iowa, a corporation organized and ex-

isting under the laws of the State of Iowa, party of the first part, and the American Life Insurance Company, Detroit, Michigan, a corporation organized and existing under the laws of the State of Michigan, party of the second part, Witnesseth:

Whereas, the said American Life Insurance Company, Des Moines, Iowa, desires to sell, transfer, deliver and assign to the said American Life Insurance Company, Detroit, Michigan, as of December 30, 1922, all of its life insurance business, including contracts of life insurance, endowments and annuities, and all of its outstanding obligations of every nature and have all its policy contracts reinsured with and its outstanding obligations of every nature except liability to its stockholders, then accrued or thereafter to accrue thereon, assumed by said American Life Insurance Company, Detroit, Michigan; and

Whereas, the said American Life Insurance Company, Detroit, Michigan, desires to insure, take over and assume the life insurance business of said American Life Insurance Company, Des Moines, Iowa, as of December 30, 1922, including contracts of life insurance, endowments and annuities, together with all outstanding obligations of said American Life Insurance Company, Des Moines, Iowa, as of that date, except the liability to its stockholders,

Now Therefore, in consideration of the premises and in consideration of One Dollar ($1.00) to said American Life Insurance Company, Des Moines, Iowa, duly paid and of mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. The said American Life Insurance Company, Detroit, Michigan, upon approval of this contract by the Commissioner of Insurance of the State of Michigan and by the commission created by and under the terms of the statutes of Iowa, 30 G. A. Ch. 58, for the approval of reinsurance contracts, does hereby underwrite, assume, reinsure and guarantee all of the insurance policies and contracts of said American Life Insurance Company, Des Moines, Iowa, including contracts of life insurance, endowments

and annuities, in force on December 30, 1922, whether issued at such time or thereafter issued, and the said Ameri- [fol. 280] can Life Insurance Company, Detroit, Michigan, does hereby, upon approval of such contract, assume and agree to pay all valid, legal, outstanding liabilities of said American Life Insurance Company, Des Moines, Iowa, as of December 30, 1922, and covenants and agrees to and with the said American Life Insurance Company, Des Moines, Iowa, and to and with each of the holders of the policies and contracts herein referred to, and to and with the beneficiaries thereof, and their legal representatives and assigns, and each and every of them, to assume and carry out the several obligations of the American Life Insurance Company contained in the policies and contracts herein referred to, and covenants and agrees to forthwith issue to each holder of such policies and contracts of life insurance, endowments and annuities its independent certificate of assumption as of December 30, 1922, to be attached to each such policy or contract reinsuring the same according and subject to the terms and conditions thereof; provided, however, that all obligations and liabilities hereby assumed by the American Life Insurance Company, Detroit, Michigan, are subject to all defenses, counter claims, and offsets which are or might hereafter become available to the said American Life Insurance Company, Des Moines, Iowa.

2. The said American Life Insurance Company, Des Moines, Iowa, does hereby, upon approval of this contract by said commission of the State of Iowa and by the Commissioner of Insurance of the State of Michigan, sell, transfer, assign and, convey to the said American Life Insurance Company, Detroit, Michigan, all of its right, title and interest as of December 30th, 1922, in and to all of its policies and contracts of life insurance, endowments and annuities issued on or prior to that date or in force at that time, whether such policies are issued at such time or thereafter.

3. The said American Life Insurance Company, of Des Moines, Iowa, does hereby, upon such approval of this contract, sell, transfer, assign and convey to the said American Life Insurance Company of Detroit, Michigan, as of

December 30th, 1922, a sufficient amount of its cash assets and mortgage loans to cover the reserves and other liabilities of the American Life Insurance Company of Des Moines, Iowa, and transferred by this instrument to the American Life Insurance Company, Detroit, Michigan.

[fol. 281] 4. The transfer hereby made is subject to the requirements of the statute of the State of Iowa, relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts of life insurance, endowments or annuities, and it is understood that many of the securities hereby transferred are now in the custody of said Commissioner of Insurance of the State of Iowa by virtue of deposits made in pursuance of such statutes.

5. It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance, endowments or annuities issued by said American Life Insurance Company, Des Moines, Iowa, and hereby reinsured, will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, Des Moines, Iowa, under the laws of said State of Iowa. The amount of such deposit required shall be determined by valuation of policies to be made on January first and July first of each year.

In Witness Whereof, the parties hereto have caused this agreement to be executed by their respective officers, duly authorized, and their corporate seals, to be affixed on the day and date first above written.

Corporate Seal AMERICAN LIFE INSURANCE COMPANY,
Des Moines, Iowa.

By Clarence L. Ayres,
Its President.

and H. A. Bryan,
Its Secretary.

Seal AMERICAN LIFE INSURANCE COMPANY,
Detroit, Michigan.

By Clarence L. Ayres,
Its President.

and M. O. Rowland,
Its Secretary.

[fol. 282] Exhibit C.

I, M. O. Rowland, Secretary of the American Life Insurance Company, hereby certify that following and attached hereto is a true copy of the Resolution adopted at a legally called meeting of the Stockholders of said Company by a vote of 3133⅓ shares of stock in favor of said Resolution, none opposing, the total outstanding shares of stock being 4000.

Attached hereto is a true copy of the call for said meeting.

Dated at Detroit, Michigan, this 24th day of October, 1923.

Seal M. O. ROWLAND,
Secretary.

Filed Insurance Department of Iowa Dec. 4 1923.

W. R. C. KENDRICK,
Commissioner of Insurance.

[fol. 283] Whereas, the American Life Insurance Company, of Des Moines, Iowa, desires to sell, transfer, deliver and assign to this Company all of its life insurance business, including contracts of life insurance, endowments and annuities, and all of its outstanding obligations of every nature, and to have all of its policy contracts reinsured with, and its outstanding obligations of every nature, except liability to stockholders, now accrued, or hereafter to accrue, assumed by this Company, and

Whereas, this Company desires to insure, take over, and assume the life insurance business of the said American Life Insurance Company, of Des Moines, Iowa, including its contracts of life insurance, endowments and annuities, together with all outstanding obligations of the said American Life Insurance Company, except the liability to its stockholders, and

Whereas, a certain proposed agreement for the carrying out of the purposes above mention has been prepared and submitted to the Commissioner of Insurance for the State of Michigan and the Commission created by and under the terms of the Statutes of the State of Iowa, 30 G. A. Ch. 58, for the approval of reinsurance contracts and has been tentatively approved by the Insurance Department of the State of Michigan and the said Commission created in the manner aforementioned f the approval of reinsurance contracts in the State of Iowa, a copy of which proposed contract is subjoined to this resolution.

Therefore, Be It Resolved:

That the said Contract of Reinsurance be, and the same hereby is approved, and that all action in relation thereto by the officers of this Company is hereby ratified and confirmed and that the President and Secretary of this Company be, and hereby are authorized to join in the execution of the said Contract, and to perfect the said Contract of Reinsurance by filling in all blanks thereof, and doing all things necessary to be done in the signing, executing and perfecting of the same, a copy of which proposed Contract is as follows:

[fol. 284] In the Matter of the Petition of the American Life Insurance Company, Detroit, Michigan, to Enter into a Contract of Reinsurance with the American Life Insurance Company of Des Moines, Iowa.

The above entitled matter came on for hearing on the 3rd day of Dec., A. D. 1923, and having been duly considered on the petition as submitted, and upon examination of the contract whereby the said American Life Insurance Company, Detroit, Michigan, desires to reinsure, take over, and

assume the life insurance business of said American Life Insurance Company of Des Moines, Iowa, as of September 30th, 1923, including contracts of life insurance, endowments and annuities, together with all outstanding obligations and contracts of all kinds of said American Life Insurance Company of Des Moines, Iowa, as of that date, except the liability to its stockholders and having considered the financial statements of both companies.

Now Therefore, having heard the evidence produced by said parties and examined all the records and proceedings in said matter,

We, the Commission provided for under the provisions of Section 1821-q of the Code of Iowa as amended, do hereby approve of the contract of reinsurance by and between the American Life Insurance Company, Detroit, Michigan, and the American Life Insurance Company of Des Moines, Iowa, as the same is hereto attached.

Dated at Des Moines, Iowa, this 3rd day of December, A. D. 1923.

N. E. KENDALL,
Governor of State of Iowa.

BEN J. GIBSON,
Attorney General, State of Iowa.

W. R. C. KENDRICK,
Commissioner of Insurance.

[fol. 285] State of Michigan

Department of Insurance

Lansing.

State of Michigan,
Department of Insurance—ss.:

I, L. T. Hands, Commissioner of Insurance of the State of Michigan, Do Hereby Approve the attached Agreement made the 24th day of October, 1923, by and between the American Life Insurance Company, of Des Moines, Iowa,

a corporation organized and existing under the laws of the State of Iowa, party of the first part, and the American Life Insurance Company, of Detroit, Michigan, a corporation organized and existing under the laws of Michigan, party of the second part.

In Witness Whereof, I have hereunto set my hand and caused my Official Seal to be affixed this 25th day of October, A. D. 1923.

Seal

L. T. HANDS,
Commissioner of Insurance.

[fol. 286] This Agreement, made this 24th day of October, 1923, by and between the American Life Insurance Company, of Des Moines, Iowa, a corporation organized and existing under the laws of the State of Iowa, party of the first part, and the American Life Insurance Company, of Detroit, Michigan, a corporation organized and existing under the laws of Michigan, party of the second part, Witnesseth:

Whereas the said American Life Insurance Company, of Des Moines, Iowa, desires to sell, transfer, deliver, and assign to the said American Life Insurance Company, of Detroit, Michigan, as of September 30th, 1923, all of its life insurance business, including contracts of life insurance, endowments and annuities, and to have all of its policy contracts reinsured with, and all of its outstanding obligations and liabilities of every nature, now accrued or hereafter to accrue on its policy contracts or otherwise, assumed by said American Life Insurance Company, of Detroit, Michigan, and;

Whereas the said American Life Insurance Company, of Detroit, Michigan, desires to insure, take over and assume the insurance business of said American Life Insurance Company, of Des Moines, Iowa, as of September 30th, 1923, including contracts of life insurance, endowments and annuities, and to assume all outstanding obligations and liabilities of every nature of said American Life Insurance Company, of Des Moines, Iowa, now accrued or hereafter to accrue on its policy contracts or otherwise, except the liability to its stockholders:

Now, Therefore, in consideration of the premises and in consideration of One Dollar ($1.00) to said American Life Insurance Company of Des Moines, Iowa, duly paid, and of mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. The said American Life Insurance Company, of Detroit, Michigan, upon approval of this contract by the Commissioner of Insurance of the State of Michigan, and by the Commission created by and under the terms of the statutes of Iowa, 30 G. A., Ch. 58, for the approval of reinsurance contracts, does hereby underwrite, assume, reinsure and guarantee all of the insurance policies and con- [fol. 287] tracts of said American Life Insurance Company, of Des Moines, Iowa, including contracts of life insurance, endowments and annuities, in force on September 30th, 1923, and the said American Life Insurance Company, of Detroit, Michigan, does hereby, upon approval of this contract, assume and agree to pay all valid, legal liabilities of every nature, of said American Life Insurance Company, of Des Moines, Iowa, now accrued or hereafter to accrue, arising from policy contracts or otherwise, except liability to its stockholders, and covenants and agrees to and with the said American Life Insurance Company, of Des Moines, Iowa, and to and with each of the holders of the policies and contracts herein referred to, and to and with the beneficiaries thereof, and their legal representatives and assigns, and each and every of them, to assume and carry out the several obligations of the American Life Insurance Company, of Des Moines, Iowa, contained in the policies and contracts herein referred to, and covenants and agrees to forthwith issue to each holder of such policies and contracts of life insurance, endowments and annuities, its independent certificate of assumption as of September 30th, 1923, to be attached to each such policy or contract, reinsuring the same according to and subject to the terms and conditions thereof; provided, however, that all obligations and liabilities hereby assumed by the said American Life Insurance Company, of Detroit, Michigan, are subject to all defenses, counterclaims and offsets, which are or might hereafter become available to the said American Life Insurance Company, of Des Moines, Iowa.

2. The said American Life Insurance Company, of Des Moines, Iowa, does hereby, upon approval of this contract by said Commission of the State of Iowa and by the Commissioner of Insurance of the State of Michigan, sell, transfer, assign and convey to the said American Life Insurance Company, Detroit, Michigan, all of its right, title, and interest as of September 30th, 1923, in and to all of its policies and contracts of life insurance, endowments and annuities issued on or prior to that date or in force at that time.

3. The said American Life Insurance Company, of Des Moines, Iowa, does hereby, upon such approval of this contract, sell, transfer, assign and convey to the said American Life Insurance Company, Detroit, Michigan, as of September, 30th, 1923, all of the assets and property of the said American Life Insurance Company, of Des Moines, Iowa, [fol. 288] including mortgages, notes and bonds, accounts, cash, agents' balances, and other evidences of debt or credit, furniture, fixtures, and all property of every kind and nature, owned and possessed by the said American Life Insurance Company, of Des Moines, Iowa, at such time, wherever situated, excepting a sufficient amount in value of such cash, bonds, and mortgages, to cover the capital and admitted surplus of said American Life Insurance Company, of Des Moines, Iowa.

4. The transfer hereby made is subject to the requirements of the statutes of the State of Iowa, relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts of life insurance, endowments, or annuities.

5. It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance, endowments, or annuities, issued by said American Life Insurance Company, of Des Moines, Iowa, and hereby reinsured, will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, of Des Moines, Iowa, under the laws of said State of Iowa.

The amount of such deposit required shall be determined by valuation of policies to be made on January first and July first of each year.

6. It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the securities now on deposit in the Insurance Department of Iowa to credit account American Life Insurance Company, Des Moines, Iowa shall be transferred to the account of American Life Insurance Company, Detroit, Michigan, and shall remain on deposit in the Insurance Department of Iowa and that in event such securities are legally withdrawn, securities of the same kind and character shall be deposited in lieu thereof, unless the Commissioner of Insurance of the State of Iowa specifically permits legal securities of a different character to be deposited.

In Witness Whereof, the parties hereto have caused this [fol. 289] agreement to be executed by their respective officers duly authorized and their corporate seals to be affixed on the day and date first above written.

(Seal) AMERICAN LIFE INSURANCE COMPANY, of Des Moines, Iowa.
By M. E. Latta, Its President.
By H. A. Bryan, Its Secretary.

(Seal) AMERICAN LIFE INSURANCE COMPANY, of Detroit, Michigan.
By C. L. Ayres, Its President.
By M. O. Rowland, Its Secretary.

[fol. 290] Exhibit D.

The following statutes of the State of Iowa as set forth in the Code of Iowa, 1939, were on August 24, 1921, and now are in full force and effect:

Chapter 395:

8613.1 Ex officio receiver. The commissioner of insurance henceforth shall be the receiver and/or liquidating

officer for any insurance company, association or insurance carrier, and shall serve without compensation other than his stated compensation as commissioner of insurance, but he shall be allowed clerical and other expenses necessary for the conduct of such receivership.

Chapter 397:

8634 Suspension or revocation of certificate—receivership. If upon investigation or examination, it shall appear that any company is insolvent or in an unsound condition, or is doing an illegal or unauthorized business, or that it has refused or neglected for more than thirty days to pay final judgment rendered against it in the courts of this state, the commissioner of insurance may suspend its authority to transact business within this state until it shall have complied in all respects with the laws applicable to such company or has paid such judgment, or he may revoke its certificate of authority to transact business within this state and having revoked the certificate of any company organized under the laws of this state, he shall at once report the same to the attorney general, who shall apply to the district court or any judge thereof for the appointment of a receiver to close up the affairs of said company.

Chapter 398:

8643 Level premium plan companies. Every life insurance company upon the level premium or the natural premium plan, created under the laws of this or any other state or country, shall, before issuing policies in the state, comply with the provisions of this chapter applicable to such companies.

8654 Valuation of policies. As soon as practicable after the filing of such statement, the commissioner of insurance shall ascertain the net cash value of every policy in force upon the basis of the American table of mortality and four and one-half percent interest, or actuaries' combined experience table of mortality and four percent interest, in all companies organized under the laws of this state. For the purpose of making such valuation he may employ a com-

petent actuary, who shall be paid by the company for which the service is rendered; but the company may make such valuation and it shall be received by the commissioner upon satisfactory proof of its correctness.

[fol. 291] 8655 Deposit to cover valuation—policy loan agreements. The net cash value of all policies in force in any such company being ascertained, the commissioner shall notify it of the amount, and within thirty days thereafter the officers thereof shall deposit with the commissioner the amount of the ascertained valuation in the securities specified in section 8737.

Any Iowa company may file a verified statement of the total amount of loans secured by its policies, and evidence of such indebtedness shall be checked by the commissioner at least semiannually. Such verified statement shall be taken and considered as a security to be deposited under the provisions of section 8741.

There may be included in the deposit an amount of cash on hand not in excess of five per cent of the deposit required, such deposit to be evidenced by a certified check, certificate of deposit, or other evidence satisfactory to the commissioner of insurance.

Deposits of [illegible]ties may be made in excess of the amounts required [illegible]by.

8660 Examination. The commissioner of insurance at any time may make a personal examination of the books, papers, securities, and business of any life insurance company doing business in this state, or authorize any other suitable person to make the same, and he or the person so authorized may examine under oath any officer or agent of the company, or others, relative to its business and management.

8661 Injunction — receivership — dissolution. If upon such examination the commissioner is of the opinion that the company is insolvent, or that its condition is such as to render its further continuance in business hazardous to the

public or holders of its policies, he shall advise and communicate the facts to the attorney general, who shall at once apply to the district court of the county or any judge thereof, where the home office of a domestic company or an agency of a foreign company is located, for an injunction to restrain the company from transacting further business except the payment of losses already ascertained and due, until further hearing, and for the appointment of a receiver, and, if a domestic company, for the dissolution of the corporation. The judge of such court may grant a preliminary injunction with or without notice, as he may direct.

8662 Decree. The court, on the final hearing, may make decree subject to the provisions of section 8663 as to the appointment of a receiver, the disposition of the deposits of the company in the hands of the commissioner, and its dissolution, if a domestic company.

[fol. 292] 8663 Securities. The securities of a defaulting or insolvent company, or a company against which proceedings are pending under sections 8661 and 8662, on deposit shall vest in the state for the benefit of the policies on which such deposits were made, and the proceeds of the same shall, by the order of the court upon final hearing, be divided among the holders thereof in the proportion of the last annual valuation of the same, or at any time be applied to the purchase of reinsurance for their benefit.

8664 Change of securities. Companies shall have the right at any time to change the securities on deposit by substituting a like amount of the character required in the first instance. If the annual valuation of the policies in force shows them to be less than the amount of security deposited, then the company may withdraw such excess, but twenty-five thousand dollars must always remain on deposit.

8665 Interest on securities. Companies having on deposit with the commissioner of insurance bonds or other securities may collect the dividends or interest thereon, delivering to their authorized agents the coupons or other evidence of interest as the same become due, but if any

company fails to deposit additional security when and as called for by the commissioner, or pending any proceedings to close up or enjoin it, the commissioner shall collect such dividends or interest and add the same to such securities.

Chapter 401:

8737 Investment of funds. The funds required by law to be deposited with the commissioner of insurance by any company or association contemplated in chapters 398 and 400, and the funds or accumulations of any such company or association organized under the laws of this state, held in trust for the purpose of fulfilling any contract in its policies or certificates, shall be invested in the following described securities and no other: * * *

8739 Real estate as deposit of legal reserve. Any company or association so investing its funds may use the value of any such real estate and home office building as a part of the deposit of legal reserve in which case it shall convey the same to the commissioner of insurance by trust deed, such property to be held by him in trust for the benefit of the policyholders or members of the company or association.

8741 Securities deposited. All such securities shall be deposited with the commissioner, subject to his approval and kept at such place or places and on such terms as he may designate, and shall remain on deposit until withdrawn in accordance with law, or the order of the commissioner.

[fol. 293] 8741.1 Exchange of securities. Any of the securities owned and held under the provisions of this chapter, including real estate owned and held, in its own office or on deposit with the insurance department may be exchanged for other securities and real estate authorized to be held under said chapter provided that it appears that such exchange will strengthen the position of said company and be to its advantage and that such exchange shall receive the approval of the commissioner of insurance, and provided further that in the exchange of such securities the values may be placed upon such securities and real estate so received and shall be fixed and determined by the department of insurance but upon a valuation not relative-

ly higher than that of any such securities so exchanged. Such securities and real estate so received may be accepted by the insurance department as eligible for reserve deposits. All acts and parts of acts insofar as they are in conflict with this section are hereby repealed.

8766 Commissioner as process agent. Every life insurance company and association organized under the laws of another state or country shall, before receiving a certificate to do business in this state or any renewal thereof, file in the office of the commissioner of insurance an agreement in writing that thereafter service of notice or process of any kind may be made on the commissioner, and when so made shall be as valid, binding, and effective for all purposes as if served upon the company according to the laws of this or any other state, and waiving all claim or right of error by reason of such acknowledgment of service.

8767 Service of process. Such notice or process, with a copy thereof, may be mailed to the commissioner at Des Moines, Iowa, in a registered letter addressed to him by his official title, and he shall immediately upon its receipt acknowledge service thereon on behalf of the defendant foreign insurance company by writing thereon, giving the date thereof, and shall immediately return such notice or process in a registered letter to the clerk of the court in which the suit is pending, addressed to him by his official title, and shall also forthwith mail such copy, with a copy of his acknowledgment of service written thereon, in a registered letter addressed to the person or corporation who shall be named or designated by such company in such written instrument.

Chapter 409:

9105 Life companies—consolidation and reinsurance. No company organized under the laws of this state to do the business of life insurance, either on the stock, mutual, stipulated premium, or assessment plan, shall consolidate with any other company or reinsure its risks, or any part [fol. 294] thereof, with any other company, or assume or reinsure the whole or any part of the risks of any other company, except as hereinafter provided; provided that nothing contained in this chapter shall prevent any com-

pany, as defined in section 9104, from reinsuring a fractional part of any single risk.

9106 Submission of plan. When any such company shall propose to consolidate or enter into any reinsurance contract with any other company, it shall present its plan to the commissioner of insurance, setting forth the terms of its proposed contract of consolidation or reinsurance, asking for the approval or any modification thereof, which the commission hereinafter provided for may approve. The company must also file a statement of its assets and if a legal reserve company, of the reserve value of its policies or contracts.

9107 Procedure—Notice. The commission shall proceed to hear and determine such petition, without notice. If the commission shall deem it necessary in order to conserve the interests of the policyholders that notice shall be given, it shall require the company or companies to notify, by mail, all of the members or policyholders of the said company or companies of the pendency of such petition, and the time and place at which the same will be heard, the length of time of such notice to be determined by the commission.

9108 Commission to hear petition. For the purpose of hearing and determining such petition, a commission consisting of the governor, commissioner of insurance, and attorney general is hereby created. In the inability of the governor to act, the secretary of state may act in his stead.

9111 Authorization. Said commission, if satisfied that the interests of the policyholders of said company or companies are properly protected and no reasonable objection to said petition exists, may authorize the proposed consolidation or reinsurance or may direct such modification thereof as may seem to it best for the interests of the policyholders; and said commission may make such order and disposition of the assets of any such company thereafter remaining as shall be just and equitable.

9112 Unanimous decision required. Such consolidation or reinsurance shall only be approved by the consent of all of the members of said commission, and it shall be the duty

of said commission to guard the interests of the policyholders of any such company or companies proposing consolidation or reinsurance.

9114 Approval and filing with commissioner. Any plan of consolidation or reinsurance submitted as herein contemplated, must first have been approved by the commission, and the result of said vote must be filed with the commissioner of insurance and be by him determined before any consolidation or reinsurance shall be effected.

[fol. 295] Chapter 424:

9509 (49) Transfer without indorsement—effect of. Where the holder of an instrument payable to his order transfers it for value without indorsing it, the transfer vests in the transferee such title as the transferor had therein, and the transferee acquires, in addition, the right to have the indorsement of the transferor. But for the purpose of determining whether the transferee is a holder in due course, the negotiation takes effect as of the time when the indorsement is actually made.

Chapter 398:

8652—Foreign companies—capital or surplus—investments. No company incorporated by or organized under the laws of any other state or government shall transact business in this state unless it is possessed of the actual amount of capital required of any company organized by the laws of this state, or, if it be a mutual company, of surplus equal in amount thereto, and the same is invested in bonds of the United States or of this state, or in interest-paying bonds, when they are at or above par, of the state in which the company is located, or of some other state, or in notes or bonds secured by mortgages on unincumbered real estate within this or the state where such company is located, worth one and two-thirds times the amount loaned thereon, which securities shall, at the time, be on deposit with the superintendent of insurance, auditor, comptroller, or chief financial officer of the state by whose laws the company is incorporated, or of some other state, and the com-

missioner of insurance is furnished with a certificate of such officer, under his official seal, that he as such officer holds in trust and on deposit for the benefit of all the policy-holders of such company, the securities above mentioned. This certificate shall embrace the items of security so held, and show that such officer is satisfied that such securities are worth one hundred thousand dollars. Nothing herein contained shall invalidate the agency of any company incorporated in another state by reason of its having exchanged the bonds or securities so deposited with such officer for other bonds or securities authorized by this chapter, or by reason of its having drawn its interest and dividends on the same.



AMERICAN LIFE INSURANCE COMPANY

DETROIT, MICHIGAN

Policy
Number

CERTIFICATE OF ASSUMPTION

THIS IS TO CERTIFY that the above numbered policy issued by the American Lite Insurance Company of Des Meines, Iowa, has been assumed according to its terms, provisions and values by the American Life Insurance Company, Detroit, Michigan, and the American Life Insurance Company, Detroit, Michigan, will carry out all the provisions of said policy and perform all of the obligations therein contained as fully as the same would or should have been performed by the American Life Insurance Compan, of Des Moines, Iowa, conditional upon payment of the premiums to the American Life Insurance Company, Detroit, Michigan, in the amount and at the times required by the terms of said policy, and compliance by the assured with all the terms and conditions thereof.

IN WITNESS WHEREOF, the American Life Insurance Company, Detroit, Michigan, has by its President and Secretary (attested by its Assistant Secretary), executed this certificate at Detroit, Michigan, this eighth day of August, 1921.

M V Rowland
Secretary.

Clarence A Hayes
President.

ATTEST M. Fitts
Assistant Secretary

EXHIBIT E.227

Ex Exhibit E

AMOUNT $

THE AMERICAN LIFE INSURANCE COMPANY OF DES MOINES, IOWA.



PREMIUM $

AGE

NO.

HEREBY PROMISES AND AGREES TO PAY

DOLLARS

upon receipt of due proofs of the death of

THE [illegible] RESERVE LI[illegible]

the Insured, to

subject to the terms and provisions of this contract.

This insurance is granted in consideration of the written application of the insured, a copy of which is attached hereto and made part of this contract, and of the payment in advance to _____ Dollars and _____ Cents, the premium for one year's term insurance, terminating on the _____ day of _____ 19____, and the minimum reserve, if any, required by law, and in further consideration of the payment of a like sum on or before the _____ day of _____ in every year thereafter until renewal premiums for nineteen years shall have been paid or until the prior death of the insured.

A grace of thirty-one days (without interest charge) will be allowed for the payment of renewal premiums, during which time this policy will remain in force.

APPROVED SECURITIES
WITH THE
STATE OF IOWA

Ex. F.

EXHIBIT F.

229

PAYMENT OF PREMIUMS—Renewal premiums may be paid annually, semi-annually or quarterly, in advance, in accordance with the Company's table of rates applicable thereto, and the Insured may change from one to another of such modes of payment upon written request therefor to the Home Office of the Company.

Premiums must be paid at the Home Office of the Company in the City of Des Moines, Iowa, or at the pleasure of the Company, to a designated collector, but in any case only in exchange for the Company's receipt therefor, signed by the President, one of the Vice-Presidents, Secretary, Treasurer, Auditor, or Cashier and countersigned by such collector.

If any premium is not paid when due, this Policy shall be ipso facto null and void and all premiums forfeited to the Company, except as herein provided.

If the premium payments required on page one hereof shall be continued for.....years beyond the renewal premium paying period of this policy, the cash surrender value hereof shall be equal to the face of the Policy at the end of the..... Policy Year. If this option is exercised the dividend options herein provided shall be continued and the cash surrender or loan value at any time shall be the full reserve hereon, including the net value of any existing dividend or paid up additions.

ANNUAL DIVIDEND OPTIONS—This Policy participates in the surplus of the Company as hereinafter provided:

At the end of the second policy year and annually thereafter, if premiums shall have been duly paid to the end of such year, the Company will notify the Insured in writing at his postoffice address, as shown by the books of the Company, of the amount of surplus which has been apportioned to this Policy and the Insured shall be entitled to exercise one of the following dividend options:

(1) Receive the dividend in cash, or,
(2) Apply the dividend to the reduction of any premium or premiums or,
(3) Convert the dividend to the purchase of paid-up participating insurance additions to this Policy at the Company's rates then in force, evidence of insurability will not be required, or,
(4) Leave the dividend to accumulate to the credit of this Policy with four per cent annual compound interest, said accumulation or any part thereof, to be payable at the death of the Insured, and to be subject to withdrawal within thirty-one days after any anniversary of this Policy, or upon surrender of this Policy for its cash value after three or more full years' premiums shall have been paid; or without evidence of insurability converted into participating paid-up insurance additions to this Policy.

If the Insured shall fail to notify the Company which option has been selected within thirty-one days after any premium shall become due, the Company will pay the dividend in cash or apply the same as required by the laws of the state in which this policy is delivered.

If all the premiums shall have been paid and if this Policy shall be continued after twenty years under the paid-up insurance option the Policy shall continue to participate annually in the surplus of the Company during the life of the Insured.

Whenever the net reserve value of any existing dividend or paid-up additions and the legal reserve on this Policy shall equal the net single premium at the attained age of the Insured, computed by the standard provided herein, the dividend or paid-up additions may be surrendered and this Policy shall become full paid for its face value and shall continue to participate annually in the surplus of the Company.

NON-FORFEITURE CONDITIONS—This Policy is automatically non-forfeitable after premiums have been paid for three full years. If any renewal premium thereafter is not paid before the expiration of the period of grace herein allowed this Policy will, without action of the Insured or payment of further premiums, continue as non-participating paid-up term insurance for the principal sum insured, but without loan or surrender values, as follows:

(1) If there is no indebtedness to the Company, and if there are no dividends or insurance additions the insurance will be for the term specified in column three of the table on the third page hereof, such Term to be reckoned from the due date of the unpaid premium.

In lieu of such Term Insurance upon the Insured's written request and legal surrender of this Policy within thirty-one days from the due date of the unpaid premium, the Company will:

(a) Issue a non-participating paid-up life policy for the amount specified in column two of said table, or
(b) Pay the guaranteed cash value specified in column one of said table.

The said non-forfeiture benefits shall be increased by the net value of any dividend accumulations or paid-up insurance additions or shall be decreased proportionately by any existing indebtedness to the Company on account of this Policy on the same basis used in the calculation of the said benefits.

The reserve basis of this policy is the American Experience Table of Mortality with interest at the rate of three and one-half per cent per annum. The cash surrender value of this Policy after three or more annual premiums have been paid, shall be equal to the said reserve at the time of surrender, less not more than one per cent of the amount insured hereunder and shall be at least equal to the present value of the Automatic Extended Insurance Option. The present value of the Extended Insurance and Paid-up Insurance Options shall be equal to the said reserve at the time when either of the said options shall become effective, less not more than one per cent of the amount insured hereunder. In case of default in the payment of a premium due at an intermediate period, the non-forfeiture values shall be computed so as to include the fractional part of the current year for which premiums have been paid.

Loan and Cash Values after the twentieth Policy Year will be the Full Reserve of this Policy and any existing additions thereto.

The Company, in case of necessity, may defer payment of the cash surrender value for not more than ninety days after the application therefor is made.

AUTOMATIC PREMIUM LOANS—Upon the written request of the Insured and his Assigns if any, made prior to default in

AUTOMATIC PREMIUM LOANS—Upon the written request of the Insured and his Assigns, if any, made prior to default in premium payment, the Company will charge as an indebtedness against this Policy, the premium or premiums thereafter falling due during the time any such request shall remain unrevoked, with interest at the rate of six per cent per annum, provided the then maximum cash surrender value stipulated in this Policy less six per cent annual interest shall be sufficient to cover such loan.

RISKS NOT ASSUMED—If, within one year from the date hereof, the Insured shall commit suicide, whether sane or insane, the liability of the Company shall be limited to the amount of cash premiums paid on the Policy. If the death of the insured shall occur while engaged in military or naval service in time of war without previously having obtained from the Company a permit therefor, the Company's liability shall be limited to the cash premiums paid hereon for three years from date of issuance and thereafter to the legal reserve on this Policy. If this Policy shall be obtained by fraudulent statements or concealments made in the application or in the answers to the medical examiner, the Policy shall be void if the death of the insured shall occur within one year from the date of issuance. All statements made by the Insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement made by the Insured shall void this Policy unless it is contained in the written application and a copy of such application shall be endorsed on or attached to the Policy when issued. This Policy is issued without restrictions as to the residence and travel of the Insured and without restriction as to occupation, except military or naval service in time of war as provided herein. Subject to the aforesaid conditions, this Policy shall be incontestable after one year, except for non-payment of premiums. The first year's insurance under this Policy is term insurance.

CHANGE OF BENEFICIARY—The Insured may change any designated beneficiary at any time during the continuance of this Policy, provided it is not then assigned, by filing with the Company a written request accompanied by this Policy, such change to take effect upon the endorsement of the same on the Policy by the Company, whereupon all interest of the former beneficiary shall cease. If more than one beneficiary is named this Policy shall be payable to the survivors, share and share alike, or the full amount to a single survivor, unless the Insured shall otherwise direct in the application for a Policy. Any change in the amounts payable to the beneficiaries after the issuance of this Policy shall be made only on the written request of the Insured accompanied by this Policy, such change to take effect upon the endorsement of the same on the Policy by the Company. If no beneficiary shall survive the Insured, the Policy shall be payable to the Insured's executors, administrators or assigns.

REINSTATEMENT PRIVILEGE—This Policy may be reinstated (unless previously surrendered) at any time after default in the payment of any renewal premium, provided the Insured applies therefor on the Company's form and furnishes evidence of insurability satisfactory to the Company, and pays in cash all past due premiums with interest thereon at the rate of five per cent per annum from date when due; and provided also, that any indebtedness to the Company at date of default with interest thereon to date of reinstatement shall be a first lien against this Policy. In event of such reinstatement the Insured may execute a loan agreement for all or part of the maximum loan value of this policy at the date of reinstatement which will be accepted by the Company in lieu of a like amount in cash if all past due premiums, interest or other indebtedness in excess thereof shall have been paid in cash.

EXHIBIT F. 2331

TABLE OF LOANS AND OF NON-FORFEITURE VALUES

In Cash, Paid-up Insurance or Extended Term Insurance, Computed according to the Conditions of this Contract.

(NO DEDUCTION FOR SURRENDER CHARGE SHALL BE MADE FROM THESE VALUES.)

	Column 1	Column 2	Column 3			Column 1 Continued	Column 2 Continued	Column 3 Continued	
Policy Year	LOAN OR CASH VALUE	PAID-UP LIFE POLICY	Automatic Extended Ins. for $ ..... Years	Months	Policy Year	LOAN OR CASH VALUE	PAID-UP LIFE POLICY	Automatic Extended Ins. for $ ..... Years	Months
3	$	$			12	$	$		
4	$	$			13	$	$		
5	$	$			14	$	$		
6	$	$			15	$	$		
7	$	$			16	$	$		
8	$	$			17	$	$		
9	$	$			18	$	$		
10	$	$			19	$	$		
11	$	$			20	$	$		

CASH LOANS—At any time after three full years' premiums have been paid and while this Policy is in force and on the sole security thereof, the Company will loan on the proper assignment of this Policy, a sum equal to or at the option of the owner of the Policy less than the reserve at the end of the current policy year plus the net value of any existing additions thereto, computed according to the American Experience Table of Mortality with interest at the rate of three and one-half per cent per annum, less a sum not more than one per cent of the amount insured by this Policy, at not to exceed six per cent interest payable annually in advance, which interest, if not paid when due, shall be added to the principal of the loan and bear the same rate of interest. The Company will deduct, however, from said loan value any existing indebtedness on this Policy and any unpaid balance of the premium for the current policy year. Failure to repay any loan or pay interest thereon shall not void this Policy unless the total indebtedness to the Company shall equal or exceed the maximum loan value of this Policy and any existing additions thereto at the time of said failure, nor until one month after notice shall have been mailed by the Company to the last known address of the Insured and of the assignee of record, if any, at the home office of the Company. The loan agreement shall be made in duplicate, one to be retained by the Company and the other returned to the owner of the policy. The Company, in case of necessity, may defer the making of any loan for not more than ninety days after the application therefor is made.

OPTIONAL LIFE ANNUITY—On the anniversary nearest the age of 65 of the Insured, this Policy may be surrendered, and the reserve will then purchase an annuity of $ payable annually during the life of the Insured, the first payment to be deferred one year.

INSTALLMENT PAYMENT PRIVILEGE—The Insured may change the mode of payment of this Policy as a death claim from payment in a single sum to payment by limited or continuous annual installments as provided on the fourth page hereof, or may provide that the amount of this Policy, or any portion thereof, may remain with the Company until withdrawn by the Beneficiary, who shall receive annually from the Company four per cent interest on said amount or the portion thereof remaining with the Company from the time of the death of the Insured until such withdrawal. Unless the privilege shall have been given in writing by the Insured and endorsed on this policy by the Company, the Beneficiary shall not have the right to commute or assign any installment payments hereunder.

GENERAL PROVISIONS

GENERAL PROVISIONS

(1) **The Contract:** This Policy and the Application herefor (a copy of which application is attached hereto) constitute the entire Contract between the parties hereto.

(2) **Reservations to Insured:** This Policy is issued with the express understanding that the Insured may, without the consent of the Beneficiary, receive every benefit, exercise every right and enjoy every privilege conferred upon him by this Policy.

(3) **Assignment of Policy:** Any assignment of this Policy must be made and sent to the Home Office in duplicate, one to be retained by the Company and the other to be returned. The Company assumes no responsibility for the validity of any assignment.

(4) **Misstatement of Age:** If the age of the Insured has been misstated, the amount payable hereunder shall be such as the premium paid would have purchased at the true age under the Company's rates at date of issue, unless the laws of the state in which this Policy is issued shall prescribe another method of settlement.

(5) **Powers Not Delegated:** Only the President, one of the Vice-Presidents, Secretary, Treasurer, Auditor, or Cashier has power in behalf of the Company (and then only in writing) to make or modify this or any Contract of Insurance, or to extend the time for paying any premium, and the Company shall not be bound by any promise or representation heretofore or hereafter given by any agent or person other than the above.

(6) **Reserve Valuation and Deposit:** The reserve on this Policy shall be computed by the first year preliminary term method with any modification thereof required by the laws of the state in which this Policy is delivered, and all calculations hereunder for the ascertainment of Reserve, Paid-Up Insurance, Loan and Surrender Values shall be based on the American Experience Table of Mortality and three and one-half per cent interest. The legal reserve on this Policy shall be invested in approved securities and deposited with the State of Iowa as required by law.

(7) **Conditions of Payment:** This Policy is payable at the Home Office of the Company in Des Moines, Iowa. Due proofs of death must be furnished to the Company at the Home Office, which proofs shall comprise satisfactory statements establishing the claim. No action shall be maintainable on this Policy unless brought within six years from the time that the Beneficiary or Claimant shall have had knowledge of the death of the Insured. Any indebtedness to the Company hereon including any balance of the current year's premium remaining unpaid, will be deducted in any settlement of this Policy or any benefit thereunder.

In Witness Whereof, The American Life Insurance Company has by its President

and .....Secretary, executed this Policy at Des Moines, Iowa, this .....

day of ....19.....

.....
President.

Examined By.....

.....
Secretary.

EXHIBIT F. 233

(1)

INSURED'S DIRECTION TO COMPANY

PART CASH PAYMENT AND BALANCE IN CONTINUOUS ANNUAL OR MONTHLY INSTALLMENTS

(Not applicable if there is more than one Beneficiary.)

In event of my death the Company is hereby directed to pay $ ..... of this Policy to my Beneficiary in a single sum and the balance in continuous annual or monthly installments prorated on the basis of the installments provided in the table on page (4) of this Policy according to the age of said Beneficiary at the time of my death.

Signed at ..... on this ..... day

of ..... 19 .....

Witness .....

.....

Insured.

ACCEPTANCE OF NOTICE

The American Life Insurance Company of Des Moines, Iowa, hereby acknowledges the above direction and agrees to comply therewith, subject to the terms of said Policy, unless said notice is revoked in writing by the Insured.

Signed at Des Moines, Iowa, on this ..... day of ..... 19 .....

.....

Vice-President, Asst. Secretary.

NOTICE TO INSURED: The Insured may give the above direction at any time and forward Policy to Company for acceptance of notice, after which it will be returned. If a different mode of payment than either No. 1 or No. 2 on this page is desired, notify the Company and the proper form will be forwarded. The Insured may revoke any direction previously given and give a new direction which will be accepted by the Company. strike out 'annual' or 'monthly' in above direction.

NAME

ADDRESS

AMOUNT $

PREMIUM

PAYABLE

FORM

LIMITED PAYMENT LIFE POLICY

Premiums Payable for 20 Years.

Dividends Payable Annually.

THE AMERICAN LIFE INSURANCE COMPANY OF DES MOINES, IOWA

No. AGE

(2)

INSURED'S DIRECTION TO COMPANY

20 ANNUAL INSTALLMENTS OF $50 AND CASH PAYMENT OF $500 AT END OF INSTALLMENT PERIOD ON EACH $1,000 INSURED BY THIS POLICY.

(The Company will forward Special Form if there is more than one Beneficiary.)

In event of my death, the Company is directed to pay my Beneficiary $50 annually for twenty years and $500 in cash at the end of twenty years on each one thousand dollars insured by this Policy.

Signed at ..... on this ..... day

of ..... 19 .....

Witness .....

.....

Insured.

ACCEPTANCE OF NOTICE

The American Life Insurance Company of Des Moines, Iowa, hereby acknowledges the above direction and agrees to comply therewith, subject to the terms of said Policy, unless said notice is revoked in writing by the Insured.

Signed at Des Moines, Iowa, on this ..... day of ..... 19 .....

.....

Vice-President, Asst. Secretary.

NOTICE TO INSURED: The Insured may give the above direction at any time and forward Policy to Company for acceptance of notice, after which it will be returned. If a different mode of payment than either No. 1 or No. 2 on this page is desired, notify the Company and the proper form will be forwarded. The Insured may revoke any direction previously given and give a new direction which will be accepted by the Company.

INSTALLMENT BENEFITS

The following tables are based upon a Policy of $1,000, and will apply PRO RATA to the amount payable under this Policy, provided the amount is not less than $1,000; if the amount is less than $1,000, these Installment Benefits shall not apply, but this Policy will be payable as provided on Page (1) hereof.

LIMITED INSTALLMENTS

(1) Annual installments commencing immediately at the death of the Insured limited to the number stated below; any number from two to twenty-five may be selected by the Insured.

Number of Installments	25	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2
Ann. of Each Installment	$62	†$68	$70	$73	$76	$80	$84	$88	$94	$100	$107	$116	$127	$140	$158	$181	$214	$263	$345	$508

†Illustration.—If payment is to be made by 20 annual installments, the amount of each installment shall be $68 for each $1,000 of insurance.

CONTINUOUS INSTALLMENTS

(2) Twenty annual or Two Hundred and Forty Monthly Installments at least to be paid, commencing immediately at the death of the Insured BUT INSTALLMENTS WHETHER ANNUAL OR MONTHLY TO CONTINUE DURING ENTIRE LIFE TIME OF BENEFICIARY. (Payment by continuous installments cannot be selected if there be more than one beneficiary.)

Age of Beneficiary at Death of Insured	10 or under	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Amount of Annual Installment	$43.20	$43.30	$43.50	$43.70	$43.90	$44.10	$44.30	$44.50	$44.70	$44.90	$45.20	$45.50	$45.80	$46.00	$46.30	$46.60	$46.90
Amount of Monthly Installment	$3.93	$3.94	$3.96	$3.96	$4.00	$4.01	$4.03	$4.04	$4.06	$4.08	$4.10	$4.12	$4.14	$4.16	$4.19	$4.21	$4.24
Age of Beneficiary at Death of Insured	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
Amount of Annual Installment	$47.30	$47.60	$48.00	†$48.40	$48.80	$49.20	$49.60	$50.00	$50.50	$51.00	$51.50	$52.00	$52.50	$53.10	$53.60	$54.20	$54.80
Amount of Monthly Installment	$4.27	$4.30	$4.33	$4.37	$4.40	$4.44	$4.47	$4.51	$4.54	$4.58	$4.62	$4.67	$4.71	$4.76	$4.80	$4.85	$4.90
Age of Beneficiary at Death of Insured	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60 or over
Amount of Annual Installment	$55.50	$56.10	$56.80	$57.50	$58.20	$58.90	$59.60	$60.20	$60.90	$61.50	$62.20	$62.80	$63.40	$63.90	$64.50	$65.00	$65.50
Amount of Monthly Installment	$4.96	$5.01	$5.07	$5.12	$5.18	$5.24	$5.30	$5.36	$5.41	$5.46	$5.52	$5.57	$5.62	$5.67	$5.71	$5.75	$5.79

†Illustration.—If at the death of the Insured the Beneficiary should be 30 years of age last birthday, the amount of each annual installment shall be $48.40 or a monthly installment of $4.37 for each $1,000 of insurance, payable during the entire lifetime of the Beneficiary; but if the Beneficiary should die before 20 annual or 240 monthly installments shall have been paid, the remainder of 20 annual or 240 monthly installments shall be paid to the Executors, Administrators or Assigns of the Beneficiary.

(3) The insured may direct that any portion of this Policy shall be paid in a single sum at his death, and that the balance of the Policy shall be paid in limited or continuous installments pro-rated in accordance with the above table.

(4) The Insured may subsequently change his selection under these installment benefits; he may also revoke all selections, thereby making this Policy again payable as provided on Page (1) hereof.

(5) No selection, change or revocation shall take effect until endorsed on this Policy by the Company. After endorsement this Policy will be returned to the Insured.

(6) The payment of the first installment shall be made upon receipt of due proofs of the death of the Insured, and subsequent installments shall be paid annually or monthly thereafter.

(7) The Beneficiary can neither assign nor commute unpaid installments unless such right is given by the Insured to the Beneficiary when payment by installments is directed.

(8) The equivalent value of the limited annual installments provided in the above section (1) will be paid to the Beneficiary in monthly installments if directed by the Insured.

INCORPORATED AS A STOCK COMPANY BY THE STATE OF IOWA

Number _____ Amount _____

American Life Insurance Company

Des Moines, Iowa

Age _____ Premium _____

Hereby assures the life of

_____

of _____

in the amount of _____ Dollars

and promises to pay said sum to _____ his executor, administrator or

assigns, on the _____ day of _____ 19____ or upon due proof of the previous death of

the said assured, then said Company promises to immediately pay said sum to

_____

or to such other beneficiary as may according to the conditions hereof, be finally designated and recognized by endorsement hereon; or if no beneficiary be then living, then to the executor or administrator of the said assured; deducting from said amount any indebtedness to this Company hereon, or secured hereby, and the premium if any, for the balance of the policy year, subject to the following conditions and provisions and those recited hereafter in this contract, which are made a part hereof.

In case any subsequent premium or installment thereof is not paid when due, or if any of the representations or statements in the application for this Policy are fraudulent, this Policy shall become void except as hereinafter agreed.

After three full annual premiums have been paid hereon, in event of default in the payment of any subsequent premium or installment thereof, the Company will (subject to pro rata adjustment for any existing indebtedness), grant one of the following options: (Extended assurance will be for the face of the Policy for such term as the cash value will purchase.)

If full years' premiums have been paid and this policy has been in force for	Without any action on the part of the assured continue this policy as extended assurance in years and months for the face of the policy, and endowment payable at end of endowment period, if living	or Upon legal surrender of this policy a paid-up endowment assurance policy maturing at same time as original policy for	or Amount the Company will pay in cash, or loan at a rate not exceeding six (6%) per cent per annum, upon legal and satisfactory surrender or assignment of this policy.
_____	_____	_____	_____

If full years' premiums have been paid and this policy has been in force for	Without any action on the part of the assured continue this policy as extended assurance in years and months for the face of the policy, and endowment payable at end of endowment period, if living			or Upon legal surrender of this policy a paid-up endowment assurance policy maturing at same time as original policy for	or Amount the Company will pay in cash, or loan at a rate not exceeding six (6%) per cent per annum, upon legal and satisfactory surrender or assignment of this policy.
	Years	Months	Endowment		
3 Years			$	$	$
4 "			$	$	$
5 "			$	$	$
6 "			$	$	$
7 "			$	$	$
8 "			$	$	$
9 "			$	$	$
10 "			$	$	$
11 "			$	$	$
12 "			$	$	$
13 "			$	$	$
14 "			$	$	$
15 "			$	$	$
16 "			$	$	$
17 "			$	$	$
18 "			$	$	$
19 "			$	$	$
20 "			$	$	$

NOTE: See back of policy for cash value beyond twenty years.

This Contract is made in consideration of the application therefor, which application is hereby made a part hereof, and a copy of the same contained herein, and in further consideration of the sum of.....Dollars, to be paid in advance on delivery of this Policy, and thereafter to the Company, either at its Home Office, in the City of Des Moines, Iowa, or to an agent of the Company, authorized to receive the same, the payment of a like sum on or before the..... of.....in every year until premiums for.....years, including the first year, have been paid.

This Assurance is based upon the American Experience Table of Mortality, and three and one-half per cent interest and for the first year is term Assurance, modified on the basis of the twenty payment life policy, and in consideration of the premium therefor, as above required, this Assurance is continued as a limited premium endowment policy by the payment of further premiums thereafter, as herein provided.

IN WITNESS WHEREOF, the American Life Insurance Company of Des Moines, Iowa, has by its President and Secretary executed and delivered this Contract at Des Moines, on this.....day of.....A. D., 19.....

Clarence L. Hayes
President.

.....
Secretary.

Limited.....Premiums, Non-Participating.

Maturing as an Endowment in.....Years.

EXHIBIT G.

237

EX. G.

Continuation of Cash Values from the First Page of this Policy.

After Policy shall have been in force for	Amount the Company will pay in cash upon legal surrender of the policy.
25 Full Years	$
30 "	$
35 "	$
40 "	$
45 "	$
50 "	$
55 "	$
60 "	$
65 "	$
70 "	$
75 "	$
80 "	$

Values for intermediate Years will be furnished on request.

Des Moines, Iowa.....19.....

Received of the AMERICAN LIFE INSURANCE COMPANY of

Des Moines, Iowa.....Dollars.

in full of all claims under the within Policy No.....

now terminated by.....

In presence of

.....

.....

.....

.....

EXHIBIT G.

PROVISIONS, OPTIONS AND BENEFITS

SUICIDE: Self-destruction, sane or insane, within one year from the date hereof is not a risk assumed by this Company, but in such case it will pay the amount of the legal net reserve under this Policy.

INCONTESTABILITY: This policy shall be incontestable after one year from its date except for non-payment of premium, and except for violation of its provisions as to military and naval service in time of war. It is free from restrictions as to residence, occupation, travel or place of death.

POLICY AND APPLICATION ENTIRE CONTRACT: This policy and the application therefor, a copy of which is hereto attached, shall constitute the entire contract between the parties hereto.

STATEMENTS NOT WARRANTIES: All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid the policy unless contained in the application for this policy.

ASSIGNMENTS: Any assignment of this Policy shall be void, unless assented to in writing by the President or Secretary.

PREMIUMS WHEN CONSIDERED PAID: No premium shall be considered as paid unless and until a receipt shall be given therefor signed by the President or Secretary, and countersigned by an Agent authorized to receive such premium, or payment of such premium in cash shall have been received at the Home Office of the Company.

POLICY WHEN EFFECTIVE: This Policy shall not take effect until the first premium hereon is paid during the lifetime and good health of the Insured.

CHANGE OF BENEFICIARY: The Insured may change the beneficial interest herein from time to time, subject however to the rights of any assignee, upon filing a written request with said Company at its Home Office in such form as it may require, but no change shall take effect unless and until endorsement thereof shall have been made hereon by the President or Secretary.

DAYS OF GRACE: A grace of thirty-one days will be allowed in the payment of all premiums excepting during the first year, the policy to remain in force for its full amount during such period, and during such days of grace all surrender values provided in this policy shall remain available.

REINSTATEMENT: This Policy may be reinstated at any time within three years, or within the term of extension, if more than three years, upon evidence of insurability satisfactory to the Company and the payment of overdue premiums with interest at five per cent.

MISSTATEMENT OF AGE: In case of misstatement of age there will be paid hereunder the amount which the premium paid hereon would have purchased for the true age at the rate in use at the date of this Policy.

VALUES EXPLAINED: The cash value of this policy shall be the full reserve, less a surrender charge not to exceed one per cent of the amount insured. The cash values given on the first page are net, the surrender charge as above having been first deducted. The loan value shall be the even dollars in the column of cash values for the same policy year. The insurance value shall always be the insurance equivalent of the cash value provided for herein. Paid-up and extended insurances effected under this policy may be surrendered by the insured for their full reserve value at any time. The values in this policy will be increased pro rata by the payment of a quarterly or semi-annual premium hereon. The cash values in the table on the first page of this policy are available at the end of the policy year indicated in the table, but may be had by the insured any time as stated herein after the payment of the premium in advance for the current policy year, less interest for the unexpired portion of the year at the rate of three and one-half per cent (3½%) per annum. The loan value in the table on the first page of this policy is available on or after payment of the full year's premium for the current policy year indicated therein, provided, however, that in such case interest will be deducted in advance for the balance of the current policy year at the rate of six per cent per annum. The term of extended insurance provided on the first page of this policy will be reduced by any existing indebtedness to such term as is purchasable at net rates by the valuation standard named herein, by the cash value at date of surrender, less such indebtedness.

The Company may defer the payment of the cash value or the making of a loan (unless the loan be for the purpose of paying premiums to the Company) for a period not exceeding ninety days from date of application therefor.

LOAN FORFEITURES, WHEN TO INVALIDATE CONTRACT: Failure to pay any loan secured by this policy, or interest thereon, when due, shall not invalidate the policy until the entire indebtedness shall equal the loan value hereof, nor until one month after notice shall have been mailed to the last known address of the Insured and of the Assignee, if any.

WAR SERVICE: The risk occasioned by military or naval service in time of war is one not assumed by the Company under this policy, and should the insured enter upon or enlist in service in either the army or navy of the United States, or any other country, wherein the insured thus becomes subject to the military or naval discipline of any country in time of war, the liability of the Company in event of death resulting directly from such service during such service or within six months from the termination of said service, shall be limited to the return of the premiums actually paid, with interest at the rate of four per cent per annum, less any indebtedness to the Company hereon or secured hereby.

DISABILITY BENEFITS

WHEN SUCH BENEFITS TAKE EFFECT: If the insured, after payment of premiums for at least one full year and before default in the payment of any subsequent premium, and before attaining the age of sixty (60) years at nearest birthday, and while this Contract is in full force by the payment of all current premiums theretofore due, shall become totally and permanently disabled by bodily injury or disease, so that he is, and will be, permanently, continuously and wholly prevented thereby from performing any work for compensation, gain or profit, or from following any gainful occupation, and shall furnish due proof of such disability to the Company at its Home Office within one year from the date of becoming so disabled, and that such disability has then existed continuously for not less than sixty (60) days, the Company will grant the following benefits:

BENEFITS—1. WAIVER OF PREMIUM: The Company will, during the continuance of such disability, waive payment of each premium as it thereafter becomes due, commencing with the first premium due after receipt of said due proof of such disability.

2. INCOME TO INSURED: On the anniversary of the date of issue of this policy next succeeding such due proof of disability, the Company will (with the written consent of the assignee, if any) pay to the insured, if then living and such disability shall continue, a sum equal to one per cent (1%) of the sum insured by the policy, and a like sum monthly thereafter without commutation, if the insured be then living and such disability still continue; in no case, however, shall any such sum be payable at or after the end of the endowment period of any policy. Interest on any indebtedness to the Company on account of said policy may be deducted from the income payments. The value of the policy shall not be decreased because of any premium waived or any income payment made, nor shall such waived premium or income payment be deducted in any subsequent settlement of the policy, and the loan and surrender values will increase each year in the same manner as if each premium had been paid when due instead of being waived.

If the Insured shall furnish proof of like disability occurring after he shall have attained the age of sixty (60) years at nearest birthday, the Company will allow all premiums falling due more than six months after receipt of such proof to accumulate without interest as an indebtedness on this policy, and in such case the values in the table of non-forfeiture values shall increase in the same manner as if the premiums were being paid by the insured.

PROOF OF CONTINUANCE OF DISABILITY REQUIRED; RECOVERY FROM DISABILITY: Although the proof of total and permanent disability may have been accepted by the Company as satisfactory, the insured shall at any time thereafter, and from time to time, but not oftener than once a year, on demand, furnish to the Company due proof of the continuance of such disability, and if the insured shall fail to furnish such proof, or if it shall appear to the Company that the insured is able to perform any work or follow any occupation whatever for compensation, gain or profit, no further premiums shall be waived and no further income shall be paid.

SPECIFIC CASES OF DISABILITY: In addition to and independently of all other causes of total permanent disability, the entire and irrecoverable loss of sight of both eyes, or the severance of both hands at or above the wrists, or of both feet at or above the ankles, or the similar loss of one hand and one foot, shall be considered as constituting total and permanent disability within the meaning of this provision.

GENERAL PROVISIONS AS TO DISABILITY: Neither the provisions for disability benefits, nor the premium calculated and paid therefor, shall be construed as covering any of the hazards enumerated below, and the Company is specifically exempt from any liability thereunder in any of the following circumstances and conditions: (a) when the written request of the insured for cancellation of disability benefits is received at the Home Office of the Company together with the policy for endorsement; (b) if the insured shall voluntarily or involuntarily engage in military or naval service in time of war; or (c) in all events when the insured shall attain the age of sixty (60) years at nearest birthday, except as to waiver of premiums as above provided.

The additional annual premium of $_____ in consideration of which Disability benefits are granted, is payable for the entire premium period of this policy, or until the prior termination of the provision for these benefits either by written request of the insured accompanied by the policy to the Home Office for endorsement, or his having attained the age of sixty (60) years nearest birthday. The premium stated on the face of the policy includes such additional premium, and the premium payable, if any, after the provision for these benefits terminates, will be the premium stated on the face of the policy, less the amount of such additional premium.

NOTICE: No agent or other person except the President or Secretary of the Company has the power on behalf of the Company to make, modify or discharge this or any policy of insurance; to extend the time for paying a premium, to waive any lapse or forfeiture or any of the Company's rights or requirements, or to bind the Company by making any promise respecting any benefits hereunder or by accepting any representation or information not contained in the written application for this policy.

w.-t.

EXHIBIT G. 241

Trust Fund and Installment Privileges

The Insured, by written notice to the Company at its Home Office, and with the written consent of the Assignee, if any and irrevocable Beneficiary, if any, may elect to have the net sum payable under this policy, if not less than $1,000, paid either in cash or as follows:

1. By the payment of interest thereon at three and one-half per centum per annum, payable annually, to the Payee under this Policy at the end of each year during the life of the Payee, and by the payment upon the death of the Payee of the said net sum and accrued interest at the above rate to the executors, administrators, or assigns of the Payee, unless otherwise directed in said notice.
2. By the payment of equal annual or monthly installments for a specified number of years, the first installment being payable immediately in accordance with the accompanying Table C, for each $1,000 of said net sum.
3. By the payment of equal annual or monthly installments, the first installment being payable immediately, for a fixed period of twenty years and for so many years longer as the Payee shall survive, in accordance with the accompanying Table D, for each $1,000 of said net sum.

Installments payable under option 2 or 3, which shall not have been paid prior to the death of the Payee, shall be paid to the executors, administrators, or assigns of the Payee, unless otherwise directed in said notice.

Conditions Governing Privileges

If the trust is created by the Insured for the benefit of the Beneficiary, the Beneficiary cannot assign or commute the installments, nor, if the proceeds are placed in trust subject to interest, withdraw the principal or anticipate the interest, unless such right is given by the Insured in writing, and is endorsed on the policy by the Company at its Home Office, during the lifetime of the Insured.

If the trust is created by the Beneficiary, he may at any time subsequently commute or assign the unpaid installments, or at any time withdraw the principal or any part thereof remaining unpaid, with accrued interest.

How Trust May be Created

Trust agreement for interest or installment payments may be created at any time by the Insured, but shall only be created and take effect when made in writing, subscribed by him and by the Company at its Home Office.

Trust agreement may be created by the Beneficiary after the death of the Insured, and when the proceeds of the Policy become payable to the Beneficiary.

When a trust is revoked, and a new one is not created, and no other provision is made for the proceeds of this insurance, payment shall be made in cash, as provided for in this policy.

TABLE OF INSTALLMENTS.
For each $1000 of Proceeds under this Policy

TABLE C LIMITED INCOME				TABLE D LIFE INCOME (20 Years Certain)			TABLE E LIFE INCOME	
Income limited to one of the periods named below; any number of years, from two to thirty, may be selected.				Income to be paid for at least 20 years, but to continue during entire lifetime of Beneficiary or Insured.			Income to be paid during the lifetime of Beneficiary or Insured. (Male)	
Number of Annual Incomes	Amount of Each Annual Income	Number of Monthly Incomes	Amount of Each Monthly Income	Attained Age of Beneficiary or Insured at time of First Payment	Amount of Each Annual Income	Amount of Each Monthly Income	Amount of Each Annual Income	
2	$508.60	24	$43.05	10*	$43.34	$3.66	10	$43.57
3	344.86	36	29.19	11	43.40	3.67	11	43.79
4	263.04	48	22.27	12	43.57	3.68	12	44.07
5	213.99	60	18.11	13	43.75	3.70	13	44.40
6	181.32	72	15.35	14	43.94	3.72	14	44.78
7	158.01	84	13.38	15	44.13	3.74	15	45.15
8	140.56	96	11.90	16	44.34	3.75	16	45.55
9	127.00	108	10.75	17	44.55	3.77	17	45.98
10	116.18	120	9.83	18	44.77	3.79	18	46.37
11	107.32	132	9.09	19	45.00	3.81	19	46.75
12	99.98	144	8.46	20	45.24	3.83	20	47.13
13	93.78	156	7.94	21	45.50	3.85	21	47.50
14	88.47	168	7.49	22	45.76	3.87	22	47.93
				23	46.04	3.90	23	48.47
				24	46.32	3.92	24	48.91
				25	46.62	3.95	25	49.46
				26	46.96	3.97	26	50.04
				27	47.38	4.00	27	50.45
				28	47.82	4.03	28	50.87
				29	47.98	4.06	29	51.32
				30	48.36	4.09	30	51.79
				31	48.78	4.13	31	52.29
				32	49.17	4.16	32	52.82
				33	49.60	4.20	33	53.36
				34	50.04	4.24	34	53.96
				35	50.51	4.28	35	54.58

12	99.98	144	8.46						
13	93.78	156	7.94						
14	88.47	168	7.49						
15	83.89	180	7.10						
16	79.89	192	6.76						
17	76.37	204	6.46						
18	73.25	216	6.20						
19	70.47	228	5.97						
20	67.98	240	5.75						
21	65.74	252	5.56						
22	63.70	264	5.39						
23	61.85	276	5.24						
24	60.17	288	5.09						
25	58.62	300	4.96						
26	57.20	312	4.84						
27	55.90	324	4.73						
28	54.60	336	4.63						
29	53.57	348	4.53						
30	52.53	360	4.45						

*Values under age 10 same as age 10, and values over age 70 same as age 70. See illustrations following.

ILLUSTRATION OF TABLE C. If the Insured should direct that the proceeds of the Policy be paid in 20 annual installments, the Beneficiary would receive ANNUALLY $67.98 per $1,000 of insurance for 20 years. Exactly 20 annual payments would be made, and should Beneficiary die after, say 15 payments had been made, the remaining 5 payments would be made to the executors, administrators, or assigns of the Beneficiary.

Or, if the Insured should direct that the proceeds of the Policy be paid in 240 monthly installments, the Beneficiary would receive MONTHLY $5.75 per $1,000 of insurance for 240 months. Exactly 240 monthly payments would be made, and should the Beneficiary die after, say 180 payments had been made, the remaining 60 payments would be made to the executors, administrators, or assigns of the Beneficiary.

ILLUSTRATION OF TABLE D. If at the death of the Insured the Beneficiary should be 50 years of age, the Company would pay the Beneficiary ANNUALLY $59.57 per $1,000 of insurance, so long as the Beneficiary should live. At least 20 annual payments would be made and should Beneficiary die after, say 15 payments had been made, the remaining 5 payments would be made to the executors, administrators, or assigns of the Beneficiary.

Or if at the death of the Insured, the Beneficiary should be 50 years of age, the Company would pay the Beneficiary MONTHLY $5.04 per $1,000 of insurance, so long as the Beneficiary should live. At least 240 monthly payments would be made and should the beneficiary die after, say 180 payments had been made, the remaining 60 payments would be made to the executors, administrators, or assigns of the Beneficiary.

ILLUSTRATION OF TABLE E. If at the death of the Insured the Beneficiary should be 50 years [illegible] the Company would pay the Beneficiary annually Sixty-nine Dollars per thousand of insurance, so long as the Beneficiary shor[illegible]

THIS COPY OF THE APPLICATION

should be carefully examined and if any error or omission is found the policy should be returned immediately to the Home Office of the Company for correction.

EXHIBIT G.

Note. *In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.*

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments **NOT** *held for the protection of* **ALL** *the policyholders of the company*

(A) Name of Depository	(B) Description of Deposit (Indicating fiscal form of registration of investment)	(C) Par Value	(D) ____ Value
	NONE - See below	$	$
	Totals . . .	$	$

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

(1) Name of Depositor	(2) Description of Deposit (Including State form of registration of securities)	(3) Par Value	(4) Amortized Value
Mich. State Treasurer	Real Estate Mortgages	$ 156,814.89	$ 156,814.89
Mich. State Treasurer	Bonds	109,000.00	109,000.00
Com. of Ins. of Iowa ✓	Real Estate Mortgages	2,621,765.16	2,621,765.16
Com. of Ins. of Iowa ✓	Real Estate Contracts	140,200.88	140,200.88
Com. of Ins. of Iowa ✓	Bonds	15,000.00	15,000.00
Com. of Ins. of Iowa ✓	Policy Loans	1,069,992.86	1,069,992.86
	*		
	Securities on deposit with Commissioner of Insurance of Iowa in compliance with Iowa statutory requirements for the benefit of policyholders to secure policies issued by American Life Insurance Company of Des Moines, Iowa, and reinsured by American Life Insurance Company of Detroit, Michigan.		
	Total	$ 3,982,770.84	$ 3,982,770.84

* Use asterisk or numbered notes to explain items listed in this statement.

Exhibit G-1

EXHIBIT G-1.

Note. *In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.*

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments **NOT** *held for the protection of* **ALL** *the policyholders of the company*

(1) Name of Country	(2) Description of Deposit (Indicating Stated form of registration of securities)	(3) Par Value	(4) *Value
		$	$
NONE			
	Totals . . .	$	$

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

Where Deposited	Description or Purpose (Including Serial Nos. of registration of securities)	Par Value (Dollars)
State Treasurer of Michigan	Real Estate Mortgages	804,660.34
Commissioners of Insurance of Iowa	Real Estate Mortgages	2,003,868.68
Commissioners of Insurance of Iowa	Policy Loans	1,169,697.43
	Total	3,968,226.45

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Exhibit G-2

EXHIBIT G-2.

Note. *In case the following schedules do not afford sufficient space, companies may furnish them on separate forms,* provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments **NOT** *held for the protection of* **ALL** *the policyholders of the company*

(a) Name and Location	(b) Description or Purpose (Indicating literal form of registration of securities)	(c) Par Value	(d) Actual Value
		$	$
	NONE		
	Totals . . .	$	$

* If market or appraisal value according to basis used in this statement

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to ch[illegible], and those shown in "Special Deposit Schedule" above

Where Deposited	Description or Purpose (including Serial Nos. of registered or coupon bonds)	Par Value Dollars
State Treasurer of Michigan	Real Estate Mortgages	201,803.67
Commissioner of Insurance of Iowa	Real Estate Mortgages	2,667,497.24
Commissioner of Insurance of Iowa	Policy Loans	1,241,614.58
	Total	$4,110,915.49

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EXHIBIT G-3.

Exhibit G-3

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate form provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT *held for the protection of* ALL *the policyholders of the company*

(1) Name or Character	(2) Description or Purpose (Including Serial Nos. of registration of securities)	(3) Par Value	(4) *Value*
		$	$
	NONE		
	Totals	$	$

*The market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above

[illegible]	Description or Purpose (Including Exact form of registration of securities)	Par Value Dollars
State Treasurer of Michigan	Detroit Water Supply Bonds	5,000.00
State Treasurer of Michigan	Real Estate Mortgages	190,975.00
Commissioner of Ins. of Iowa	Home Owners Loan Corp. Bonds	97,800.00
Commissioner of Ins. of Iowa	Federal Farm Mtg. Corp. Bonds	27,900.00
Commissioner of Ins. of Iowa	Real Estate Mortgages	2,725,188.00
Commissioner of Ins. of Iowa	Policy Loans	~~1,887,075.53~~ 1,339,169.65
	Total Exhibit G-4	~~4,910,088.53~~ 4,190,058.65

EXHIBIT G-4.

ANNUAL STATEMENT FOR THE YEAR 1903 OF THE AMERICAN LIFE INSURANCE COMPANY.

(Write or Stamp Name of Company)

1903

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(1) State or Country	(2) DESCRIPTION OF DEPOSITS (Indicating Bond from of registration of securities)	(3) Par Value	(4) * Value
	None	$	$
	Totals.	$	$

*Use market or examined value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Indicating Literal forms of registration of securities)	Par Value	
State Treasurer of Michigan	Real Estate Mortgages	$ 233647.43	
Commissioner of Insurance of Iowa	Real Estate Mortgages	2924267.17	
Commissioner of Insurance of Iowa	Policy Loans	441293.72	
	Total	$ 3705631.32	

Ex Exhibit G-5

EXHIBIT G-5. 253

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(a) State or Country	(b) DESCRIPTION OF DEPOSITS (Including Bond form of registration of securities)	(c) Par Value	(d) Value
	None	$	$
	Totals	$	$

*Own market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Indicating literal form of registration of securities)	Par Value	
State Treasurer of Michigan	Real Estate Mortgages	$ 217,683.48	e
Commissioner of Insurance of Iowa	Real Estate Mortgages	30353.505	
Commissioner of Insurance of Iowa	Policy Loans	1,522,953.64	
	Exhibit G-6 Total.	$ 1,770,990.62	

EXHIBIT G-6.

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

State or Country (a)	DESCRIPTION OF DEPOSITS (Indicating Whether form of registration of securities) (b)	Par Value (c)	* Value (d)
	None	$	$
	Totals	$	$

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Indicating Bond Item of registration of securities)	Par Value				Book Value			
State Treasurer of Michigan	Real Estate Mortgages	$	207	222	25	$	207	222	25
Commissioner of Insurance of Iowa	Real Estate Mortgages		469	659	42		469	659	42
		$	676	881	67	$	676	881	67

Richard J. [illegible]

EXHIBIT G-7. 257

ANNUAL STATEMENT FOR THE YEAR 1900 OF THE AMERICAN LIFE INSURANCE COMPANY.

(Name or Mutual Name of Company)

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information called for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(1) State or Nature	(2) DESCRIPTION OF DEPOSIT (Including Date and Rate of Interest of securities)	(3) Par Value	(4) Actual Value*
	None		
	Totals.		

*The market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Indicating Bonds from or registration of securities)	Par Value Dollars
Life Insurance of Michigan	Real Estate Mortgages	209 389 10
Insurance of Southern [illegible]	Real Estate Mortgages	1 772 991 22

Exhibit 28

Totals

EXHIBIT G-8. 259

ANNUAL STATEMENT FOR THE YEAR 1939 OF THE AMERICAN LIFE INSURANCE COMPANY.

(Write or Stamp Name of Company)

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

28 State or Country	29 DESCRIPTION OF DEPOSITS (Including Name and Date of registration of securities)	30 Par Value	31 *Book/Market Value
	None	$	$
	Total	$	$

*The market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

*The market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Following broad form of registration of securities)	Par Value Dollars
State Treasurer of Michigan	Real Estate Mortgages	21 9 5 8 0 0
Commissioner of Insurance of Iowa	Real Estate Mortgages	47 3 4 8 1 8 6 4

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

State or Country	Description of Deposits (Following Blank Form of Schedule of Securities)	Par Value	Value*
	None.	0	0
		0	0

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	DESCRIPTION OF DEPOSITS (Indicate Bond Item of explanation of securities)	Par Value Dollars	
State Treasurer of Michigan	Real Estate Mortgages	214250	00
Commissioner of Ins of Iowa	Real Estate Mortgages	1559959	08

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

State or Country	Description of Deposits (Indicating Bonds from of registration of securities)	Par Value	Market Value*
		$	$
		$	$

None.

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

When Received	DESCRIPTION OF DEPOSITS (Indicating fiscal term of registration of securities)	Par Value	Ledger Value	
State Treasurer of Michigan	Real Estate Mortgages			
Commissioner of Insurance	Real Estate Mortgages			

EXHIBIT G-11. 265

Exhibit G-11

ANNUAL STATEMENT OF THE Tennessee Life Insurance Co.
(Write Exact Name of Company)

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same and upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

	1926		
	None		
		$	$

The amount so certified when according to books and in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

[illegible] or unsettled when sending to bank and in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

[illegible]	Description of Items (indicating time deposits and collateral, if pledged)	Par Value Dollars
[illegible]	Real Estate Mortgages	$14500
[illegible]	Real Estate Mortgages	27507
		[illegible]

Exhibit G-12

EXHIBIT G-12. 267

NOTE.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(1) Name or County	(2) Description of Deposits (Including Bond Item of registration of securities)	(3) Par Value	(4) Value*
	1925 None	$	$
	TOTALS	$	$

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	Description or Purpose (Including Serial Issue of registration of Securities)	Par Value / Amount	
Mutual Insurance of Muscatine	Real Estate mortgages	32000000	
Insurance Dept of Iowa	" " "	1086 2881 5	

ANNUAL STATEMENT OF THE Provident Life Insurance Company

Note.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are made of the size and arrangement, contain the information called for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

Name of Bank	Description of Deposit (Specify whether Certificate or Special Deposit)	Par Value	Value
	None.		
	1924		
	Total.		

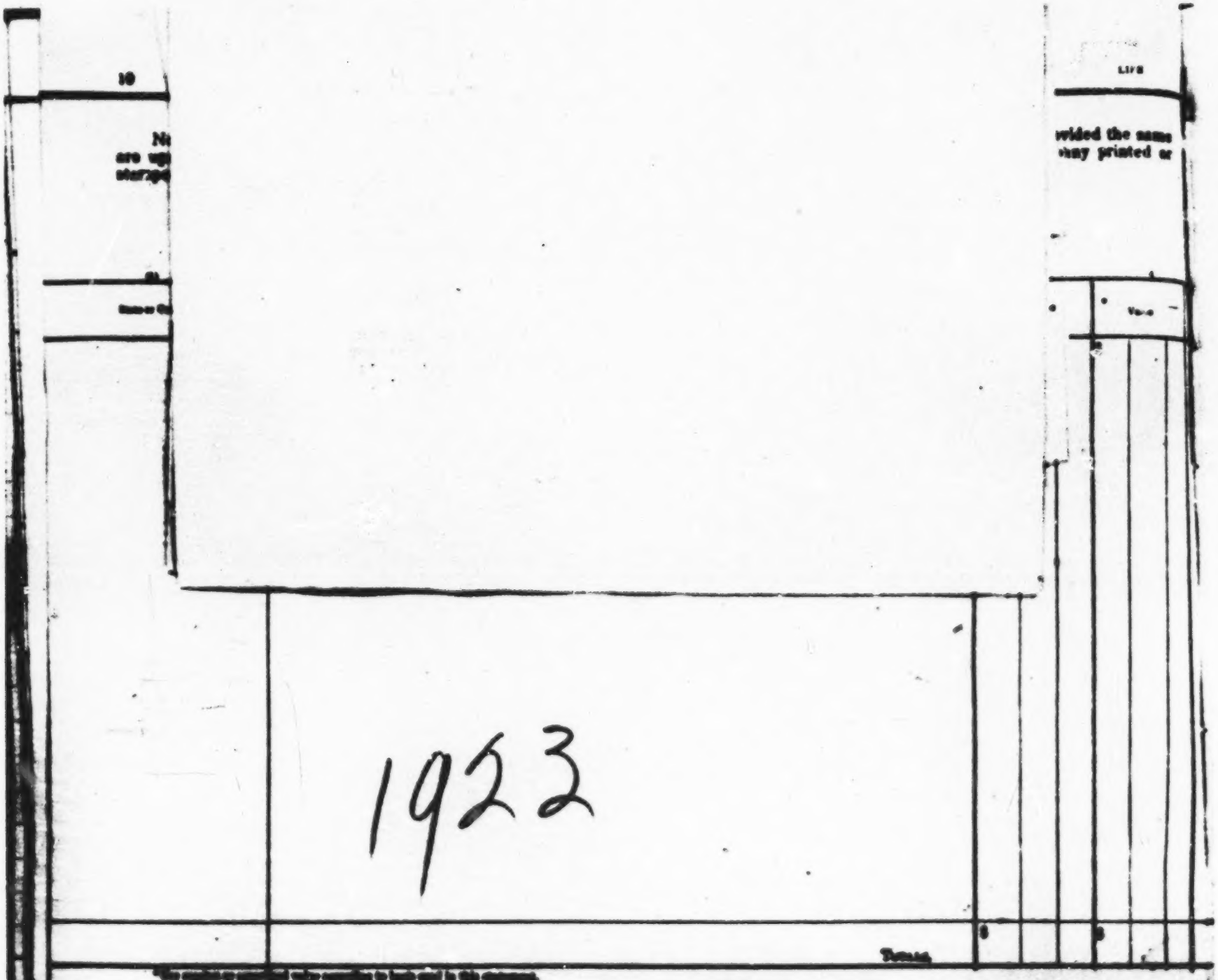
SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

SCHEDULE OF ALL OTHER DEBTORS

Real Estate Mortgage

Exhibit G-14



SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

"the market or committee value according to basis used in this statement."

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	Description or Purpose (Including Serial Nos. of registration of Securities)	Par Value / Dollars	
State Treasurer of Michigan	Real Estate Mortgages	208,500	00
Commissioner of Insurance of Iowa	" " "	401,555	00
	Total	610,055	00

Exhibit S-15

Note.—In ea
are upon paper of
stamped at the top

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(1) Name of Country	(2) Description of Deposit (including Serial Name of registration of securities)	(3) Par Value	(4) Market or Actual Value*
		$	$
	TOTALS	$	$

1922

None

*Use market or actual value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

	TOTALS		

*Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	Description or Purpose (Indicating Bond form of registration of Securities)	Par Value Dollars	
State Treasurer of Michigan	Real Estate Mortgages	102	50000
Commissioner of Insurance of Iowa	" "	3241	4/20 00

PREMIUM NOTE ACCOUNT

1.	Premium notes, loans or liens on hand December 31 of previous year	$ 915 9 12		
2.	Received during the year on new policies, $ 0 ; on old policies, $ 327,577.97	327,577 97		
3.	Restored by revival of policies	9,521 99		
	Total		$	368,409 08
	Deductions during the year as follows:			
4.	Used in payment of losses and claims	$ 5751 3		
5.	Used in purchase of surrendered policies	0		
6.	Voided by lapse	99,084 23		
7.	Used in payment of dividends to policyholders	0		
8.	Redeemed by maker in cash	161,896 42		
9.	Total reduction of premium note account			254,555 18
10.	Balance of note assets at end of year per line 5, page 4		$	114,353 90

NOTE.—In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of same size and arrangement, contain the information asked for herein, and have the name of the company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE

Showing all deposits or investments NOT held for the protection of ALL the Policyholders of the Company.

(1) State or Country	(2) Description or Deposit (Indicating also form of registration of securities)	(3) Par Value	(4) Value
	None 1921	$	$
	TOTALS	$	$

	TOTALS	$

* Use market or amortized value according to basis used in this statement.

SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any government, province, state, district, county, municipality, corporation, firm or individual, except the regular deposits in banks and trust companies subject to check, and those shown in "Special Deposit Schedule" above.

Where Deposited	Description of Deposit (Indicating Board form of registration of Securities)	Par Value	Book Value
Metchosin Municipality	Real Estate Mortgage		107000
Municipality of Oak Bay			3182.10
	TOTALS		3289.10

Exhibit G-17

EXHIBIT G-17. 277

[fol. 318] Exhibit H.

Compiled Laws of Michigan, 1929, Sec. 12390, 12391.

Compiled Laws of Michigan, 1915, Sec. 9326.

"Sec. 4. The capital of any stock company organized under this act shall not be less than one hundred thousand dollars, in shares of fifty dollars each, which capital stock may be increased by a vote of two-thirds of the stockholders present or represented at any regular meeting called for that purpose to not more than one million dollars; and no such stock company and no company organized to do business on the mutual plan, shall be authorized to issue policies or assume any risk whatever until they have deposited with the state treasurer, as security for any liability to insured parties, stocks or bonds of the United States or of any state or territory of the United States, or of any city, county, village, township or school district of this state authorized by act of legislature to issue the same, or first mortgage bonds of corporations organized under the laws of the state of Michigan, to the amount in par value, exclusive of interest, of not less than one hundred thousand dollars, which stocks or bonds shall be retained by the state treasurer, and disposed of as hereinafter directed: Provided, however, That such deposits shall be made within one year from the date of the articles of association: Provided further, That the capital of any stock company organized to do a general indemnity and surety bonding business shall be, for the separate purpose of such surety bonding business and additional to the capital required in any other business in which it may be lawfully engaged, not less than two hundred fifty thousand dollars nor more than one million dollars, and its deposit of securities with the state treasurer as herein provided for shall not be less than two hundred thousand dollars, and such capital and such deposits shall be used solely in, and shall be liable only for the debts and liabilities of such surety bonding business: Provided further, That personal obligations secured by first mortgage on improved and productive [fol. 319] real estate within this state, worth at least double the amount of the lien and bearing interest of not less than five per cent per annum, may be received by the state

treasurer instead of the bonds or stock hereinbefore provided for in this section. Such mortgages shall be properly assigned to the state treasurer as provided for in section twenty-one of this act, but any examination by the state treasurer or under his direction to satisfy him respecting the title or value of the property mortgaged shall be at the expense of such company; and no mutual insurance company shall commence business, by issuing policies until it shall have received at least five hundred applications for insurance, on which the premiums shall amount to at least five thousand dollars, nor until the examination by the attorney general and the commissioner as hereinafter provided: Provided, That the net indebtedness of said city or county shall not exceed five per cent of the assessed valuation of all the real estate of said city, county, village, township or school district, said valuation to be on the basis of the last preceding equalization of the state board for counties, and the proportionate amount thereof. The term net indebtedness in this section shall be construed to denote the indebtedness of any city, county, village, township or school district, omitting debt created for supplying the inhabitants with water, and deducting the amount of sinking funds available for the payment of such indebtedness: Provided, That such first mortgage bonds of corporations organized under the laws of the state of Michigan shall not be accepted as surety, unless the corporation issuing such bonds shall have paid interest on said bonds and dividends on its capital stock for three successive years immediately preceding the deposit of such security; and in case any of said securities shall depreciate below par, the state treasurer is hereby authorized and directed to cause the corporation which has deposited them to make such depreciation good by additional deposit of such securities as are allowed by law, and to prohibit any corporation from transacting any [fol. 320] insurance business within this state until the same shall have been deposited: Provided further, That all provisions of law relating to the business in this state of companies doing a general surety bonding business, which are organized under the laws of other states or countries and are doing business in this state, and all other existing laws of this state relating to such surety bonding business in any manner, shall apply, so far as they may be applicable

thereto, to companies organized for the purpose of doing a general surety bonding business under the provisions of this act: Provided further, That companies organized to insure on the monthly premium payment plan any person or persons against bodily injury or death by accident, or against disability on account of sickness, and any company organized to provide a funeral benefit payable at death not exceeding five hundred dollars may organize under this act with a capital stock of not less than twenty-five thousand dollars with shares of fifty dollars each, but no such company shall issue policies or assume any risk until it shall have deposited with the state treasurer twenty-five thousand dollars in cash or other security, and under the same conditions as is applied to other stock companies referred to in this section."

(9331) Sec. 9. The bonds, or stocks and mortgage securities deposited by any such company with the state treasurer, shall be held by him as security for policyholders in such company; but so long as it continues solvent, the company shall have the right from time to time to collect and receive the dividends or interest thereon, and to withdraw any of the same, on depositing with the state treasurer other securities of the kinds specified, so that the amount in his hands for the security of policyholders, at any time, shall not be less than one hundred thousand dollars, exclusive of interest. If at any time a claim shall be made against any such company on one of its policies, and the same shall not be adjusted and paid, and the claimant shall recover judgment thereon against the company, the state [fol. 321-2-3] treasurer, on being served with an affidavit by the claimant or his attorney, setting forth the recovery of the judgment, and that the same has remained unpaid for three months, and that no proceedings are pending for the review or reversal of the same, shall proceed to sell at the current market value, sufficient of the stocks or bonds so deposited with him, to satisfy the amount of such judgment, together with one per centum for his services and expenses; or, if said stocks or bonds shall previously have been disposed of for the satisfaction of claims, then he shall proceed to collect sufficient of the mortgage securities to pay the amount of the claim mentioned in such affidavit, with his reasonable costs and expenses; and said company,

after notice of the service of such affidavit, shall not be at liberty to issue any new policies until any deficiency of securities caused by the necessity of meeting such claims, shall have been made good by further deposit with said state treasurer of the like securities: Provided, however, That if any such company shall become insolvent, and proceedings shall be taken in equity with a view to its dissolution, nothing in this section contained shall prevent an equal and just distribution of all its assets, including the securities so deposited with the state treasurer, among the persons equitably entitled thereto.

[fol. 324] (Exhibit I.)

(Order Appointing Temporary Receiver.)

State of Michigan

In the Circuit Court For the County of Ingham

In Chancery

Charles E. Gauss, Commissioner of Insurance, Plaintiff,
No. 19,256. vs.
American Life Insurance Company, A Michigan Insurance Company, Defendant.

At a session of said court held in the court room in the city hall, in the city of Lansing, Ingham County, Michigan, on the 7th day of June, A. D., 1938.

Present: Honorable Leland W. Carr, Circuit Judge.

In this cause Charles E. Gauss, Commissioner of Insurance of the State of Michigan, plaintiff, having filed a petition for the appointment of a custodian or receiver of the American Life Insurance Company, a Michigan insurance company, defendant, and said cause having come on to be heard on an order to show cause why a custodian or receiver should not be appointed in accordance with the provisions of Act No. 256, Public Acts of 1917, as amended, or for such other relief as the nature of the case and the interests of its policyholders, creditors, stockholders or the public may require, alleging that said com-
[fol. 325] pany is insolvent and that the financial condi-

tion of the company is such that the further transaction of business will be hazardous to its policyholders, its creditors and to the public, and testimony having been taken in open court at great length upon the issues involved in the case, and after hearing arguments of counsel for the respective parties, and the court having filed its opinion based upon the testimony and the evidence adduced in open court, and it appearing to said court that the material allegations averred in the plaintiff's petition and on the hearing on the order to show cause have been sustained by the evidence and the testimony in this cause, and that the American Life Insurance Company, defendant herein, is insolvent and its financial condition is such that its further transaction of business is and will be hazardous to its policyholders, to its creditors and to the public;

It Is Hereby Ordered that Charles E. Gauss, Commissioner of Insurance of the State of Michigan, be and is hereby appointed temporary receiver of said defendant company, and all and singular the property and assets of every nature wherever situated, held, owned or controlled by the defendant company, and of all the books, records, papers, and accounts of the defendant company, with full power to retain and to take into his possession, hold, manage, and conduct the business of the defendant company with such powers as this court may from time to time grant, and otherwise with the usual powers of a temporary receiver in like case.

It Is Further Ordered that said Commissioner of Insurance as temporary receiver, or any deputy or special deputy by him appointed as his agent, under the provisions [fol. 326] of Act No. 256, Public Acts of 1917, as amended, shall have all the powers of a temporary receiver in insolvency proceedings, and may do and perform any act for the protection of the assets or the recovery of the same, and for the settlement or discharge of obligations of the company that may be necessary or that may be directed by the court.

It Is Further Ordered that all creditors, stockholders, and other persons be and are hereby enjoined from instituting or prosecuting, or continuing the prosecution of any actions, suits or proceedings at law or in equity, or

under any statute against the defendant company, and from levying any attachments, executions or other processes upon or against any of the properties of defendant company, or from taking or attempting to take into their possession or to exercise any control over the property and assets, or any part of the property and assets of the defendant company.

It Is Further Ordered that the defendant company, its officers, directors, and each of them, their nominees, deputies, agents, and employees be and are hereby enjoined and restrained from interfering with, transferring, selling or disposing of any of the property or income of the defendant, or from taking possession of or levying upon, or attempting to sell or dispose of, in any manner, any part of the property of the defendant company.

It Is Further Ordered that said temporary receiver shall have power to appoint, under his hand and official seal, one or more special deputy commissioners of insurance as his agent or agents, and to employ such counsel, clerks, [fol. 327] and assistants as may by him be deemed necessary, and give each of such persons such power to assist him as he may consider wise, and to fix their compensation and pay all expenses incurred in connection with and incident to taking possession of the assets of said company, and the conducting of the business of the said company, subject to the approval of the court.

It Is Further Ordered that the temporary receiver, or such special deputy commissioner of insurance as he may appoint to act as his agent, shall file a surety bond in the penal sum of Thirty Thousand dollars, for the faithful performance of the terms and provisions of this order.

It Is Further Ordered that this court shall and does hereby reserve full and complete jurisdiction of this cause and of all the parties hereto, and of the said American Life Insurance Company, for the purpose of providing for and regulating the carrying out and fulfillment of the terms of this order, and for the purpose of disposing of any and all matters which may arise in connection therewith, and in connection with the adjudication of all claims and valuations, and the disposition of the assets of said

American Life Insurance Company, and of all other matters and things required to be considered and done to effect the preservation and disposition of the property, assets and business of said American Life Insurance Company in the best interests of all persons interested or concerned therein, and that the parties hereto may apply to this court at any time, upon proper notice, for such other and further relief as shall appear to be just and proper.

LELAND W. CARR,
Circuit Judge.

[fol. 328] (Exhibit J.)

(Order Appointing Permanent Receiver.)

State of Michigan

In the Circuit Court For the County of Ingham

In Chancery

Charles E. Gauss, Commissioner of Insurance, Plaintiff,
No. 19,256. vs.
American Life Insurance Company, a Michigan insurance company, Defendant.

At a session of said Court held in its Court Room in the City Hall, in the City of Lansing, Ingham County, Michigan, on the 16th day of September, A. D. 1939.

Present: Honorable Leland W. Carr, Circuit Judge.

In this cause an appeal having been taken by the American Life Insurance Company from an order of this Court dated June 7, A. D. 1938, appointing the Commissioner of Insurance as statutory receiver of said company, and the Supreme Court of this State having filed an opinion affirming said order, and the Commissioner of Insurance as statutory receiver having filed an application with this Court for an order appointing him as permanent receiver, and the same having been noticed for hearing on a date certain and hearing having been had thereon and upon due [fol. 329] consideration of the premises, and on motion of John Panchuk, Assistant Attorney General, State of Michigan, made in behalf of the Commissioner of Insurance;

It Is Hereby Ordered that John G. Emery, duly appointed and qualified Commissioner of Insurance of the State of Michigan, successor in office to Charles E. Gauss, is hereby appointed permanent liquidating receiver of the American Life Insurance Company, a Michigan insurance corporation, and of all of its assets and business wherever situated, and by virtue of the statute in such case made and provided, particularly Section 12266, Compiled Laws of Michigan for 1929 is hereby vested with title to all property, assets and business of said company wherever situated, real, personal and mixed, of whatever kind or description, statutory or other deposits or pledges of securities, contracts, and rights of action, chattels and effects, all books of accounts, records, other books, papers, accounts, cash on hand and in banks or on deposit, things in action, credits, stocks, bonds, securities, deeds, leases, muniments of title, bills and accounts receivable, and all rents, issues and profits, and income accruing and to accrue from the said assets, property and business, with all the powers of a receiver in insolvency proceedings to do and perform any act for the protection of the assets or the recovery of the same, and for the settlement or discharge of the obligations of said insurance company that may be necessary or that may be directed by the Court for the protection of the policyholders, creditors, stockholders in the company;

It Is Further Ordered that said receiver may be and is hereby authorized, subject to the approval of the Court, to sell or otherwise dispose of the real and personal prop- [fol. 330] erty, or any part thereof, and sell or compound all doubtful or uncollectible debts or claims owed or owing to the said insurance company;

It Is Further Ordered that said receiver is authorized, subject to the approval of the Court and the Commissioner of Insurance, to reinsure all or a part of the policies or contracts of insurance, and all or a part of the annuity contracts, in force and effect on April 12, A. D. 1938;

It Is Further Ordered that incident to or as part of such plan or agreement of reinsurance, the receiver is authorized to sell, transfer, trustee, mortgage, or other-

wise dispose of or liquidate all or part of the assets and property of said insurance company;

It Is Further Ordered that incident to or as part of such a plan or agreement of reinsurance, sale, liquidation or other disposition of the assets and the insurance business of said company, the receiver, subject to Court approval, is authorized to estimate, compute, determine and fix initial or adjusted liens on all claims of policyholders or other obligations of the American Life Insurance Company on all policies and contracts of insurance and annuities in force and effect on April 12, 1938, and make proper and suitable provision for the preservation and adjustment of all equities, rights, priorities, claims and liens of creditors of said insurance company, and to provide for the sale, transfer, or other disposition of the assets and property of said company subject to or free from any and all liens and encumbrances in whole or in part in such manner and upon such terms as this Court may direct, and upon the recommendation of the receiver, the Court direct the manner in which [fol. 331] payments and dividends to the creditors shall be made and the assets distributed;

It Is Further Ordered that the receiver of said insurance company, on the direction of Court Order, is authorized to provide for giving of notice to file claims against said company and for fixing the date for the filing of proper proofs thereof, and perform such other acts as may be necessary in the determination, disposition and liquidation of all claims against said insurance company;

It Is Further Ordered that all injunctions and restraining orders heretofore issued in said cause be and are hereby affirmed and continue in full force and effect until further order of Court;

It Is Further Ordered that all orders heretofore issued in said cause ordering, directing, and approving delivery, vesting of title in and giving possession of, or otherwise disposing of all property and assets of all kinds and description wherever situated, and the conduct of the business of said company, to the Commissioner of Insurance as custodial receiver or liquidating receiver, or his

deputy or agent for such purpose, are hereby affirmed as of the date of their issuance, and are hereby continued in full force and effect, except as otherwise modified by the provisions of this order, and until further order of Court;

It Is Further Ordered that all orders heretofore issued in said cause directing or approving the plan or method of the conduct of the business of said company, conservation of the assets and the insurance and annuity contracts in force, employment and appointment of special deputy commissioners of insurance as agents or deputy receivers, [fol. 332] counsel, clerks, and other assistants and all other actions taken in the administration of the affairs of said insurance company under the direction of the Commissioner of Insurance since April 12, 1938, are hereby affirmed and continued in full force and effect, except as otherwise modified by the provisions of this order, and until further order of this Court and the approval of the Commissioner of Insurance as statutory receiver;

The receiver is hereby further authorized and empowered to institute, prosecute and defend, compromise, adjust, intervene in or become a party to such suits, actions, proceedings at law or in equity, in all State and Federal Courts in this or other States of the United States as may in the discretion of the receiver be necessary or proper for the recovery, protection, maintenance and preservation of the property and assets of the American Life Insurance Company, for a proper and equitable reinsurance of the insurance and annuity contracts and policies thereof, or the carrying out of the terms and provisions of this order, and likewise to defend, compromise and adjust, or otherwise dispose of, any and all suits, actions and proceedings, instituted against the receiver or against the American Life Insurance Company, and also to appear in and conduct the prosecution or defense of any action, suit or proceeding, or to adjust or compromise any action, suit or proceeding now pending in any court by or against the American Life Insurance Company, where such prosecution, defense or other disposition of such suit, action or proceeding, will in the discretion of the receiver be advisable or proper for the protection of the property and as-

sets of the American Life Insurance Company, subject to Court approval.

It Is Further Ordered that the receiver, or such special deputy commissioner of insurance as may have been ap- [fol. 333] pointed, or now acting, or may be appointed by the Commissioner of Insurance as his agent, shall file a new statutory bond in the penal sum of Seventy-five Thousand ($75,000.00) Dollars for the faithful performance of the terms and provisions of this order;

It Is Further Ordered that the dissolution of said American Life Insurance Company, a Michigan insurance corporation, be and the same is hereby decreed to be effective as of the 7th day of June, A. D. 1938, for the purpose of the liquidation and dissolution provisions of Act 256, Public Acts of 1917, as amended, and It Is Further Ordered that a certified copy of this order may be filed in the office of the Clerk of Wayne County wherein the American Life Insurance Company had its principal office for the transaction of business;

It Is Further Ordered that this Court shall and does hereby reserve full and complete jurisdiction of this cause and all of the parties hereto, and of the said American Life Insurance Company, for the purpose of providing for and regulating the carrying out and fulfillment of the terms of this order and the exercise by the receiver of all the powers and rights conferred upon him by the provisions of Sections 12263 through 12270 of the Compiled Laws of Michigan for 1929, as amended, and for the purpose of disposing of any and all matters which may arise in connection herewith, and in connection with the adjudication of all claims, rights, equities, of the policyholders or creditors, the reinsurance of the policy and annuity contracts, and the disposition of the assets of said American Life Insurance Company, and of all other things and matters required to be considered and done to effect the preserva- [fol. 334] tion and disposition of the property, assets and business of said American Life Insurance Company in the best interest of all persons interested or concerned therein, and the parties hereto may apply to this Court at any

time, upon proper notice, for such other and further relief as shall appear to be just and proper.

LELAND W. CARR,
Circuit Judge.

A True Copy.

FLORA G. DEWEY,
Deputy County Clerk.

State of Michigan,
County of Ingham.—ss.:

I, C. Ross Hilliard, Clerk of the Circuit Court for the County of Ingham, do hereby certify that the above and foregoing is a true and correct copy of Order Appointing Permanent Receiver entered Sept. 16, 1939, in the above entitled cause in said Court, as appears of record in my office, and that I have compared the same with the original, and that it is a true transcript therefrom and of the whole thereof.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court, at Lansing, Michigan, this 19th day of September, A. D. 1939.

C. ROSS HILLIARD
County Clerk,
By Flora G. Dewey,
Deputy County Clerk.

[fol. 335] (Exhibit K.)

In the District Court of Tarrant County, Texas,
96th Judicial District.

Thomas H. Miller,
No. 21854-A vs.
American Life Insurance Company.

Now on this the 29th day of July, 1938, came on to be heard before the Court the above entitled and numbered cause at a regular day and setting of the July Term of this Court. Came the plaintiff by counsel, and intervener Grover C. Spillers, in person and by counsel and announced ready for trial. But the defendant, American Life Insurance Company, a corporation, though it had been duly

and properly cited to appear and answer herein within the time and in the manner by law provided, came not but wholly made default.

Came the State of Texas by its duly authorized, qualified and acting Attorney General and asked leave of Court to be heard on its plea in intervention herein and all parties having announced ready for trial and having in open Court waived the right to trial by jury and submitted issues to the Court, the Court proceeded to hear the evidence and argument of counsel.

The Court finds that the defendant, American Life Insurance Company is a corporation chartered under the laws of Michigan to transact a life insurance business but which did not have at the time this suit was instituted, and does not now have a permit to transact business in the State of Texas for the year beginning March 1, 1938.

The Court finds that the said defendant did own at the time of the commencement of this action, and still owns, property, both real, personal and mixed, within the State of Texas in the aggregate book value of more than Three Million Dollars, a portion of which is located in Tarrant County, Texas, and maintains its principal place of busi- [fol. 336] ness and an agent in the City of Fort Worth, Tarrant County, Texas.

The Court first considered the amended petition in intervention and plea in abatement of State of Texas and after full consideration of all the evidence in connection therewith the Court is of the opinion that the intervention should be in all things denied, and dismissed, to which action of the Court the State of Texas excepts and objects and request was made by the State of Texas for permission to file a motion to dismiss the suit, which permission was by the Court granted and the motion when filed was by the Court overruled, to which action the State of Texas excepts and objects.

The Court finds that the plaintiff, Thomas H. Miller, and the intervener, Grover C. Spillers, had a right to institute and have a right to maintain this action.

The Court finds that the defendant, American Life Insurance Company is indebted to plaintiff, Thomas H. Miller in the sum of Twenty-two Hundred Forty-seven Dollars ($2247.00), and that plaintiff is entitled to judgment against the defendant American Life Insurance Company for such amount, together with interest at the rate of 6% per annum from this date, which claim is based upon the cash surrender value of the policies of insurance held by plaintiff, and which policies of insurance were introduced in evidence.

The Court finds that the defendant, American Life Insurance Company is indebted to intervener, Grover C. Spillers, in the sum of Twenty-six Hundred Seventy-one Dollars ($2671.00) and that intervener Grover C. Spillers, is entitled to judgment against the defendant American Life Insurance Company for such amount, together with interest at the rate of 6% per annum from this date, which claim is based upon the cash surrender value of the policies of insurance held by plaintiff, which policies of insurance were introduced in evidence.

[fol. 337] The Court finds that there exist a large number of policyholders and creditors of defendant within the State of Texas, whose policies total in excess of Three Hundred Thousand Dollars, with present cash loan or surrender values in excess of Fifty Thousand Dollars.

The Court finds that prior to the institution of this suit a Receiver was appointed for the defendant company at its domicile in the State of Michigan, in that certain cause styled Chas. E. Gauss, Commissioner Of Insurance Of The State Of Michigan, Plaintiff Vs. American Life Insurance Company, A Michigan Insurance Company, Defendant, in The Circuit Court For The County Of Ingham In Chancery In The State of Michigan: that defendant is insolvent and a necessity exists for the appointment of a Receiver of the Texas assets to preserve the assets for the benefit of the Texas policyholders and creditors and to insure an orderly administration of the assets of the Company within the State of Texas; that the suit styled State Of Texas Vs. American Life Insurance Company, In The District Court Of Travis County, Texas, 126th Judicial District, was filed on June 4, 1938, which was subsequent

to the institution of the instant suit, has been by appropriate decree of the Travis County District Court dismissed.

The Court further finds that the Texas assets of the defendant company consist largely of mortgages upon farms and city property in Denton, Tarrant, Grayson, Willacy and Hidalgo Counties, Texas; that there is certain cash in the constructive possession of the defendant company on deposit in The Fort Worth National Bank and First National Bank of Fort Worth, and other Banks in the State of Texas; that the defendant company is insolvent; that it would be hazardous to creditors and pol- [fol. 338] icyholders of the company for the defendant company to continue its operations and would jeopardize the rights of its creditors and policyholders; that a receiver having been appointed in the domicile of the company in order to prevent an injustice to Texas creditors and policyholders and to expedite the filing of claims and the proper liquidation of Texas assets for the benefit of Texas creditors and policyholders, receiver should be appointed for the Texas properties and assets of the defendant company.

The Court finds that an immediate necessity exists for the appointment of a receiver to take charge and possession of, to conserve, manage and operate the Texas assets of the defendant, both real, personal or mixed, of any kind or character, wherever situated, within the State. And it further appearing to the Court that Dan Lydick, of Fort Worth, Tarrant County, Texas, is a proper person to appoint as such Receiver and that he is not disqualified; and it appearing also that a necessity exists for the appointment of attorneys to represent the Receiver in the management, operation, conservation and orderly administration of said Texas assets, and it appearing to the Court that B. E. Godfrey and John M. Scott Jr., are proper persons to act as attorneys for the Receiver and that they and each of them are not disqualified.

It Is, Therefore, Ordered, Adjudged And Decreed, That Dan Lydick, of Fort Worth, Tarrant County, Texas, be

and he is hereby appointed Receiver of the Texas estate of the defendant American Life Insurance Company and of all its Texas assets, both real, personal or mixed, including choses in action, notes, bonds, deeds of trust, cash in any and all banks within the State of Texas and all other items of property, both real, personal or mixed of any kind or character wherever situated within the State of Texas, with full authority to take said properties into his possession to manage, operate and control same.

[fol. 339] Said Receiver is further given full power and authority, and is hereby directed, to take into his immediate possession and charge all of the properties, assets, books of account, contracts, stocks, bonds and mortgages of any kind or character located within the State of Texas, all office equipment, furniture and fixtures of any kind belonging to the defendant American Life Insurance Company, with full authority to carry on and conduct the business of said company, save and except the writing and issuance and delivery of policies of insurance and to that end receive, rent, toll, collect, compromise for, compromise, demand and bring suits, and in connection therewith said Receiver is instructed to take into his possession all of the property of said Company and to operate the same and to hold the proceeds arising from such operation subject to the further orders of this Court.

The said Receiver is further instructed and directed to receive and collect and hold all payments upon mortgages, contracts, notes, bonds and other evidence of indebtedness now due and owing, or which may hereafter become due and owing to the defendant company by any debtor of the American Life Insurance Company, and is specifically authorized to receive and collect all premiums on insurance policies issued and outstanding now due or hereafter to be due and owing on policies of insurance in force or hereafter to be in force within the State of Texas.

That each and every officer, director, agent, servant or employee of said American Life Insurance Company, and their agents and employees, or any and all other persons, firms or corporations of any kind or character having in their possession or under their control assets belonging

to American Life Insurance Company are required and commmanded forthwith to surrender same to such Receiver upon demand, including all books of account, minute books, [fol. 340] corporate records and all evidences of any business transacted by said company within the State of Texas, including any and all property of any and every type, both real or personal, belonging to said defendant corporation to be kept in the custody of said Receiver subject to the further orders of this Court.

That the defendant corporation, American Life Insurance Company, its officers, directors, servants, agents and employees, and its attorneys and their agents, representatives and employees and any and all other persons, firms, corporations or associations are hereby enjoined from in any way interfering or intermeddling with the property hereby directed to be turned over to said Receiver or from hindering or molesting said Receiver in any way while acting as such Receiver, a' ' from disposing of any of said property or assets except to transfer and deliver same to such Receiver, subject to the further orders of this Court.

That before the Receiver shall enter upon his duties as Receiver he shall file with the Clerk of this Court a bond, conditioned as required by law, subject to the approval of this Court, with some good and sufficient surety company in the sum of Fifty Thousand Dollars ($50,000.00); likewise before the Receiver shall enter upon the performance of his duties he shall take an oath in the form required by the State of Texas for the faithful discharge of his trust, It is further Ordered That B. E. Godfrey and John M. Scott, Jr., be and they are hereby appointed attorneys for the Receiver, with full power and authority to render such legal services as may be necessary in the proper conduct of this receivership and subject to the supervision and orders of this Court.

It Is Further Ordered, Adjudged And Decreed That the plaintiff Thomas H. Miller be and he is hereby decreed a judgment for the debt against the defendant American Life Insurance Company in the sum of Twenty-two Hundred Forty-seven Dollars ($2247.00), together with inter- [fol. 341] est thereon from this date until paid at the rate of 6% per annum and for all costs accrued and accruing.

It Is Further Ordered, Adjudged and Decreed That the intervener, Grover C. Spillers be and he is hereby decreed a judgment for his debt against the defendant American Life Insurance Company in the sum of Twenty-six Hundred Seventy-one Dollars ($2671.00), together with interest thereon from this date until paid at the rate of 6% per annum and for all costs accrued and accruing.

It Is Further Ordered that the judgments of plaintiff and intervener, as fixed by this decree, be filed with the Receiver in this cause for subsequent allowance and enforcement, as will be covered by further orders of this Court.

It Is Further Ordered That the intervention of the intervener State of Texas be and same is hereby overruled, denied and dismissed, and it is so ordered, for all of which let execution issue.

A. J. POWER,
Judge of the 96th Judicial District Court of Tarrant County, Texas.

Recorded in Minute Book, C-16-Page 292.

[fol. 342] (Exhibit L.)

Petition in Equity.

In the District Court of the State of Iowa, in and for Polk County.

State of Iowa, ex rel, John H. Mitchell, Attorney General of the State of Iowa, Plaintiff,
No. 53870. vs.
American Life Insurance Company, Defendant.

Comes now John H. Mitchell and for cause of action states:

1. That he is the duly elected, qualified and acting Attorney General of the State of Iowa.

2. That the defendant, the American Life Insurance Company, is a corporation with its principal place of business in Detroit, Michigan, organized and existing under

and by virtue of the laws of the State of Michigan and engaged in the business of writing life insurance policies.

3. That Maurice V. Pew is the duly appointed, qualified and acting Commissioner of Insurance of the State of Iowa.

4. That the defendant company is in an unsound condition and the Commissioner of Insurance of the State of Iowa, after examination prescribed by statute, has revoked the certificate of authority of the defendant company to transact business within the State of Iowa on April 1, 1938, and has refused to grant the application of defendant company for a renewal of its permit to do business in the State of Iowa. That the Commissioner of Insurance of the State of Iowa has found the condition of this company as insolvent and unsound and such as to render its further continuance in business hazardous to the public and to the holders of its policies and has so reported each and all of these facts to the Attorney General of Iowa, and asks for the appointment of the Commissioner of Insurance as receiver of said company pursuant to law.

5. That on or about the 12th day of April, 1938, Charles E. Gauss, Commissioner of Insurance in and for the State of Michigan, commenced an action in equity in the circuit court of the county of Ingham in the State of Michigan, [fol. 343] alleging that the American Life Insurance Company, the defendant in this action, was an insurance company incorporated under the laws of the State of Michigan and that the same was insolvent or was found after a examination to be in such a condition that its further transaction of business would be hazardous to its policyholders, or to its creditors, or to the public, and said commissioner of insurance prayed in his petition that the court adjudicate that said American Life Insurance Company is insolvent or is in such a condition that its further transaction of business would be hazardous to its policyholders or to its creditors or to the public, and that said court appoint a receiver for said company to wind up its affairs as provided by the laws of the State of Michigan.

That after a full and complete hearing on said issues, and after all parties had rested, said cause was submitted to the court of Ingham County in the State of Michigan, and that thereafter said court handed down his opinion in

which he found that said American Life Insurance Company had liabilities greater than its assets, and that for said company to continue in business would be hazardous to its policyholders, its creditors, and to the public. Said opinion further held that a court order would accordingly be entered in accordance with the statute appointing a receiver who would take charge of the property and business of said American Life Insurance Company, and deal therewith in the manner provided by law. That attached hereto, marked Exhibit "A", and by this reference made a part hereof, is a true copy of said opinion of that court. Your petitioner states that he has examined said exhibit.

6. That pursuant to the statutes of this State, the defendant company from time to time deposited with the Commissioner of Insurance of the State of Iowa property and securities, including bonds, mortgages, deeds and other securities, for the purposes in said statutes provided, and has executed and delivered to said Commissioner of Insurance specific assignments thereof, all of which securities, property and assignments are held by and in the possession of the Commissioner of Insurance. That said property and securities are of an estimated value of $3,603,419.25. That the defendant company has an agency located in Polk County, State of Iowa.

[fol. 344] 7. That in order to properly preserve the property and assets of the defendant company for its policyholders and creditors, it is necessary that it be enjoined forthwith from transacting further business, except the payment of losses already ascertained and due, until further hearing, and that Maurice V. Pew as Commissioner of Insurance of the State of Iowa be appointed receiver in accordance with the provisions of Section 8612-C1 of the 1935 Code of Iowa, and that as such receiver the Commissioner of Insurance be authorized to take charge of all of the assets, securities and property, real, personal and mixed, of the defendant company now deposited with and in the possession of the said Commissioner of Insurance of the State of Iowa.

8. That the said Maurice V. Pew, Commissioner of Insurance of the State of Iowa, when so appointed as the statutory receiver of the defendant company, be ordered and

directed to either liquidate the same for the benefit of the defendant's policyholders and creditors or to effect a contract of reinsurance for or on behalf of the policyholders, as provided by law and in accordance with the statutes of the State of Iowa for such cases made and provided, or to administer the same in accordance with the law and orders of this Court.

Wherefore, plaintiff prays that the Court, upon the presentation of this petition in equity, appoint Maurice V. Pew, Commissioner of Insurance of the State of Iowa, as receiver of the defendant company, or temporary receiver of the defendant company, and fix the time and place for hearing thereof, prescribe the notices to be given the defendant and the manner of service, and that the Court Order, Adjudge and Decree:

1. That a preliminary injunction issue forthwith, with or without notice as the Court may direct, restraining the defendant company from transacting any further business within the State of Iowa, except the payment of losses already ascertained and due.

2. That Maurice V. Pew as Commissioner of Insurance of the State of Iowa be appointed as statutory receiver of the defendant company to take charge of all the assets, securities and property, real personal and mixed, of the defendant company now deposited with and in the possession of said Commissioner of Insurance of the State of Iowa.

3. That Maurice V. Pew, Commissioner of Insurance of the State of Iowa, as receiver, in accordance with the provisions of the statutes and laws of the State of Iowa, take charge of and manage the property, assets and securities of the defendant company with full authority to sue for, collect and receive and take into possession the bonds, chattels, rights, credits, moneys, books, papers and all and singular the premises, property and assets of every description and wherever situated of the defendant company, and to do all acts and things which may be necessary, proper and advisable to preserve the property, assets, [fol. 345] rights and privileges of the defendant, its policyholders and creditors.

4. That the receiver have the usual powers of receivers in such cases and according to law and the practice of this court and as provided by the statutes and laws of the State of Iowa, and that defendant company, its officers and agents and all persons who may have possession of any of the property, appurtenances, rights or privileges of the defendant company to which this receiver may be entitled, be directed to deliver over to the receiver all and every part of the properties, interests, effects, moneys, receipts and earnings and all books, vouchers, papers and records of the said company.

5. That the receiver conserve and preserve the assets of the defendant company and, for that purpose, take charge of the assets and securities of the defendant company deposited with the Insurance Commissioner of the State of Iowa.

6. That the deposits of the defendant company in the hands of the Commissioner of Insurance of the State of Iowa be disposed of as provided by law and the orders of this Court.

7. That the receiver be authorized to commence and prosecute in his name as Commissioner of Insurance or receiver, or both, actions at law or in equity necessary or advisable for carrying out the purposes of his designation, and that he be authorized to apply in other states for the orders and decrees of courts thereof in aid of this proceeding.

8. That the defendant, American Life Insurance Company, be adjudged and decreed to be insolvent and in an unsound condition and that the further continuance in business by it be adjudged and decreed to be hazardous to the public and the holders of its policies.

9. That be decree, or supplemental or administrative order or decree herein, there be defined the powers and duties of the Commissioner and receiver in the premises, including the administration of the property and the application thereof to the liabilities of the defendant company.

10. The plaintiff herein prays for such other and further relief as may be deemed just and equitable in the premises.

JOHN H. MITCHELL,
Attorney General of Iowa.
By Don W. Burington,
Assistant Attorney General of Iowa.

State of Iowa,
Polk County—ss.:

I, Don W. Burington, being first duly sworn on my oath, say that I am the duly appointed, qualified and acting Assistant Attorney General of the State of Iowa; that I have read the above and foregoing petition and that the allegations and statements therein contained are true as I verily believe.

DON W. BURINGTON.

Subscribed and sworn to before me, a Notary Public in and for Polk County, Iowa, by said Don W. Burington this 17 day of June, A. D. 1938.

(Seal)

GERTRUDE ZIGELER,
Notary Public in and for Polk County, Iowa.

[fol. 346] (Exhibit M.)

Order.

In the District Court of the State of Iowa, in and for Polk County.

State of Iowa, ex rel, John H. Mitchell, Attorney General of the State of Iowa, Plaintiff,
No. 53870. vs. Equity.
American Life Insurance Company, Defendant.

Now, on this 17 day of June, A. D. 1938, the Petition in Equity of the plaintiff in the above entitled cause comes on for hearing before the Honorable John J. Halloran, a Judge of the District Court of the State of Iowa in and for Polk County, the State of Iowa appearing by John H. Mitchell, Attorney General of the State of Iowa, and Don W. Burington, Assistant Attorney General of the State of

Iowa, and the Court upon examining the petition and exhibits and listening to the statements of counsel and being fully advised in the premises, finds, determines and adjudges:

1. That Maurice V. Pew is the duly appointed, qualified and acting Commissioner of Insurance of the State of Iowa.

2. That the defendant, American Life Insurance Company, is a corporation organized and existing under and by virtue of the laws of the State of Michigan, with its principal place of business in the City of Detroit, Michigan, and is engaged in the business of writing life insurance policies. That said defendant was authorized to and doing business in the State of Iowa under the statutes and laws of the State of Iowa prior to April 1, 1938. That the defendant company has an agency located in Polk County, Iowa.

3. That the Commissioner of Insurance of the State of Iowa caused to be made an examination of the business and management of the defendant company and is of the opinion, and has communicated with and advised the Attorney General of the State of Iowa, that the condition of the defendant company is unsound and in such condition as to render its further continuance in business hazardous to the public and holders of its policies and requested the Attorney [fol. 347] General of Iowa to make application for the appointment of a receiver.

4. That the Circuit Court in and for Ingham County in the State of Michigan, has heretofore found that the condition of said defendant company is such that its continuance in business would be hazardous to policy holders, creditors and the public, and that said court is of the opinion that a receiver should be appointed for said company for the purpose of liquidating its assets and winding up its affairs.

5. That the Commissioner of Insurance of the State of Iowa, after examination prescribed by statute, has revoked the certificate of authority of the defendant company to transact business within the State of Iowa and that no new certificate has issued for the period beginning April 1, 1938.

6. That pursuant to the statutes and laws of this State the defendant company, from time to time, deposited with

the Commissioner of Insurance of the State of Iowa property and securities for the purposes in said statutes provided, and has executed and delivered to said Commissioner specific assignments thereof, all of which property, securities and assignments are held by the Commissioner of Insurance of the State of Iowa, to be administered by the said Commissioner pursuant to the Statutes and laws of this State by reason of the present condition of said defendant company.

7. That this Court has jurisdiction of the subject matter and parties.

8. That Maurice V. Pew, Commissioner of Insurance of the State of Iowa, should be appointed temporary receiver of the defendant company pursuant to the statutes and laws of the State of Iowa to take possession as receiver of all of the property, securities and assets of said defendant company in the State of Iowa, to be administered according to the statutes and laws of the State of Iowa and the orders of this Court.

9. That said defendant company should be temporarily enjoined from transacting business within the State of Iowa until further hearing, except the payment of losses already ascertained and due.

It Is Therefore Ordered, Adjudged and Decreed:

1. That the relief prayed for on behalf of the State of Iowa be and it is hereby granted.

[fol. 348] 2. That under and in accordance with the statutes in such cases made and provided, Maurice V. Pew, Commissioner of Insurance of the State of Iowa, be and he is hereby appointed temporary receiver of the defendant, American Life Insurance Company, to serve without compensation, and that as such receiver he is authorized to take possession of all property, securities and assets of said defendant company deposited with and in his possession as Commissioner of Insurance of the State of Iowa, and is authorized and directed to deal with the same as receiver, subject to the direction and orders of this court and the laws and statutes of the State of Iowa.

3. That the defendant company be and it is hereby temporarily enjoined from transacting business within the State of Iowa until further hearing, except the payment of losses already ascertained and due, and the Clerk of this Court is hereby ordered and directed to issue such writ of injunction without bond.

4. That Maurice V. Pew, Commissioner of Insurance, as temporary receiver, be and he is hereby directed to file herein his bond in the sum of $40,000.00 with surety to be approved by the Clerk of this Court conditioned on the faithful performance of his duties herein.

5. That notice of the filing of this petition and the order of this Court appointing Maurice V. Pew, Commissioner of Insurance of the State of Iowa, temporary receiver and authorizing a temporary writ of injunction restraining the defendant company from transacting business within the State of Iowa, except the payment of losses already ascertained and due, shall be served personally upon an officer of American Life Insurance Company, defendant, the Insurance Commissioner of the State of Michigan and the receiver appointed by the Circuit Court of Ingham County, State of Michigan. Notice to stockholders and policyholders of said defendant company shall be by publication of said notice in a newspaper of general circulation in the State of Iowa once a week for two consecutive weeks.

JOHN J. HALLORAN,
Judge of the Ninth Judicial District.

[fol. 349] (Exhibit N.)

Decree.

Filed Oct. 30, 1939.

In the District Court of Iowa, in and for Polk County.

State of Iowa, ex rel Fred D. Everett, Attorney General of the State of Iowa, Plaintiff,
No. 53870-98. vs. Equity.
American Life Insurance Company, Defendant.

Now, on this 28th day of October, 1939, this matter coming on for hearing upon the Report of the Referee filed

herein, and the plaintiff appearing by Fred D. Everett, Attorney General of the State of Iowa, Floyd Philbrick, Assistant Attorney General of the State of Iowa, and Willis J. O'Brien of the firm of Hughes, O'Brien & Hughes, Attorneys, Des Moines, Iowa, and the defendant not appearing by its attorneys, and no objections or exceptions having been filed by defendant or its attorneys within the time prescribed by the Court and the notice thereof to defendant and its attorneys, and the Court, having read said Report, examined the record, heard statements of counsel and being fully advised in the premises, finds that the Report of the Referee should be approved.

It Is Therefore Ordered, Adjudged And Decreed:

1. That the Report of Arthur T. Wallace, as Referee herein, be and the same is hereby approved and confirmed.

2. That Charles R. Fischer, is the duly appointed, qualified and acting Commissioner of Insurance of the State of Iowa, successor in office to Maurice V. Pew, and is hereby appointed Statutory Receiver of the American Life Insurance Company, a Michigan corporation, to serve in said capacity without compensation, and of all of its securities on deposit with the Insurance Commissioner of the State of Iowa, said securities having been deposited by the defendant Company pursuant to the laws of the State of Iowa and certain reinsurance agreements made and entered into by and between the American Life Insurance Company of Des Moines, Iowa, and the American Life Insurance Company of Detroit, Michigan, under date of August 24, 1921, December 27, 1922, and December 3, 1923.

[fol. 350] 3. That proceedings were pending against the defendant Company under Sections 8661 and 8662 of the Code of Iowa, 1935, on June 17, 1938, and the securities of the defendant Company on deposit with the Insurance Commissioner of Iowa on said date vested in the State of Iowa for the benefit of the policies on which such deposits were made and said title is now so vested, and administration, division or application of the securities or the proceeds from said securities shall be in accordance with the laws of the State of Iowa and more particularly Section 8663 of the Code of Iowa, 1935.

4. That said Receiver is authorized and directed to administer all of the securities of the defendant Company on deposit with the Insurance Commissioner of the State of Iowa, and in his possession as Temporary Receiver, for the purposes and in the manner prescribed by the statutes and laws of the State of Iowa, subject to approval or ratification by order entered by the Court in this cause. That under and in accordance with Section 8663 of the Code of Iowa, 1935, title to the securities which the defendant Company has heretofore deposited with the Commissioner of Insurance of the State of Iowa has and is vested in the State of Iowa and for the administration of said securities, said Receiver be and he is authorized and directed to deal with said securities in his name as Receiver, subject to approval or ratification by order entered by the Court in this cause.

5. That said Receiver is vested with title to all of the securities, property, contracts and rights of action of the defendant Company in his possession as Insurance Commissioner of the State of Iowa or as Temporary Receiver, which have not otherwise vested in the state of Iowa under and in accordance with Section 8663 of the Code of Iowa, 1935, and he is authorized and directed to deal with the same in his name as Receiver, subject to approval or ratification by order entered by the Court in this cause.

6. That Donald Harlow, an examiner in the office of the Commissioner of Insurance of the State of Iowa, be and he is hereby appointed Assistant Receiver of the defendant Company to act for and on behalf of the Receiver. The compensation of the said Assistant Receiver is fixed at the rate of Two Hundred Twenty-five Dollars ($225.00) per month.

7. That said Receiver, in performing his duties in the [fol. 351] administration of the assets of this estate, is authorized to incur all necessary expense in carrying out his duties; to enter into compromises and settlements and deliver instruments of receipt, discharge or settlement; to negotiate for and carry out the conveyance, assignment or sale of any of the assets coming into his possession and to execute and deliver any and all instruments necessary to or in aid of such conveyance, assignment or sale; to act

through attorneys, agents and assistants; to liquidate all of the assets on deposit for the benefit of the policies for which such deposits were made and divide the proceeds pursuant to law or apply the proceeds to the purchase of reinsurance for the benefit of the holders of said policies; to receipt and accept payment of renewal premiums from the holders of policies covered by the deposited securities and reinsurance agreements, and keep said premiums in a separate account deposited in depositories or any of them designated herein by the Court; to have and exercise the usual powers of receivers according to law and the practice of this Court and as provided by the statutes and laws of the State of Iowa, and to do all things essential to the conservation and management of the securities and property belonging to said estate, including the leasing, repairing and operating of real and personal property and the payment of taxes. Each and all of the foregoing powers and duties shall be exercised subject to direction, approval or ratification by order entered by the Court in this cause.

8. That the Receiver is authorized and empowered to institute, prosecute, and defend, compromise, adjust, intervene in or become a party to such suits, actions, proceedings in law or in equity in all State and Federal Courts, in this or other States of the United States, as may, in the discretion of the Receiver, be necessary or proper for the recovery, protection, maintenance and preservation of the securities and assets in his possession or to which he may be entitled, in the carrying out of the terms and provisions of this order and the conduct of the business of the receivership, and likewise to defend, compromise and adjust or otherwise dispose of any and all suits, actions and proceedings instituted against the Receiver, and also to appear in and conduct the prosecution or defense of any action, suit [fol. 352] or proceeding, or to adjust or compromise any action, suit or proceeding now pending in any court by or against the Receiver or against the American Life Insurance Company, where such prosecution, defense or other disposition of such suit, action or proceeding will, in the discretion of the Receiver, be advisable or proper for the protection of the securities and assets in his possession or subject to his administration, subject to the direction, order and approval of this Court in this cause.

9. For the deposit of the funds, or any part thereof, derived from the assets or premium collections, the Receiver is authorized to deposit such funds in the following named banks, or either or any of them, in his name as Receiver: Central National Bank & Trust Company, Des Moines, Iowa, Iowa-Des Moines National Bank & Trust Company, Des Moines, Iowa, Valley Savings Bank, Des Moines, Iowa.

10. That all orders heretofore issued in this cause directing the making of agreements or approving the plan or method of the conduct of the business of the Temporary Receiver in the preservation and conservation of the securities on deposit by the defendant Company in the office of the Commissioner of Insurance of the State of Iowa, including the appointment of an Assistant Receiver, Counsel, clerks and other assistants, and all other actions taken in the administration of the affairs of said temporary receivership under the Commissioner of Insurance of Iowa as Temporary Receiver since June 17, 1938, are hereby affirmed and continued in full force and effect, except as otherwise modified by the provisions of this order and until further order of this Court in this cause.

11. That all orders heretofore issued in said cause ordering, directing and approving delivery, vesting of title in and giving possession of, or otherwise disposing of all property and assets of all kinds and description wherever situated, and the conduct of the business of said temporary receivership by the Commissioner of Insurance as Temporary Receiver, or his assistant or agent for such purpose, are hereby affirmed as of the date of their issuance and are hereby continued in full force and effect, except as otherwise modified by the provisions of this order and until further order of the Court in this cause.

12. That the Temporary Writ of Injunction issued in this cause on the 17th day of June, 1938, be and the same is hereby dissolved.

[fol. 353] 13. That the Commissioner of Insurance as Receiver shall file a new statutory bond in the penal sum of Fifty Thousand Dollars ($50,000.00) for the faithful performance of the terms and provisions of this order. That

the Assistant Receiver shall file a new statutory bond in the penal sum of Ten Thousand Dollars ($10,000.00) for the faithful performance of the terms and provisions of this order.

14. That the Receiver, upon direction and order of this Court, is authorized to provide for the giving of notice to file claims and for fixing the date for filing proper proofs thereof, and perform such other acts as may be necessary in the determination, disposition and liquidation of all claims against the assets in his possession.

15. That this Court shall and does hereby reserve full and complete jurisdiction of this cause and all of the parties hereto for the purpose of providing for and regulating the carrying out and fulfillment of the terms of this order and the exercise by the Receiver of all of the powers and rights conferred upon him by the provisions of the statutes and laws of the State of Iowa, and for the purpose of disposing of any and all matters which may arise in connection herewith, and for the purpose of the adjudication of all claims, rights and equities of the policyholders or creditors and the disposition of the assets in the possession of the Receiver, including the determination of the question of whether the proceeds from the securities shall be divided among the holders of the policies for the benefit of the policies on which such deposits were made or applied to the purchase of reinsurance for their benefit, and all other things and matters required to be considered and done to effect the preservation and disposition of the assets and property in the best interests of all persons interested therein, and the Receiver, Assistant Receiver and parties hereto may apply to this Court at any time for directions and orders and for such other and further relief as shall appear to be just and proper.

JOHN J. HALLORAN,
Judge of the Ninth Judicial District.

[fol. 354] (Exhibit O.)

(Order Appointing Receiver, etc.)

Thomas H. Miller,
No. 21854-A. vs.
American Life Insurance Company.

In the District Court of Tarrant County, Texas,
96th Judicial District.

On this 2nd day of August, 1938, came on to be heard before the Court the petitions of interpleader of Thomas H. Miller and Grover C. Spillers, against the defendants Mestenas Company, Delta Haven Company, Hargill Company, Raphael Company, Rayman Company and Willamar Company, all corporations. Came the plaintiff Thomas H. Miller and intervener Grover C. Spillers, by counsel, and after hearing evidence re the true ownership of the assets of the above named corporations, the Court finds that American Life Insurance Company in truth and in fact owns all of the assets, both real, personal and mixed of each and every description owned by each of the above named companies in the State of Texas; that by virtue of such ownership the Receiver, Dan Lydick, should extend to and cover all of the assets of said companies. It is, therefore, by the Court

Ordered, Adjudged and Decreed

That Dan Lydick, of Tarrant County, Texas, be and he is hereby appointed Receiver of the Texas estate of each of the named defendants to-wit: Mestenas Company, a corporation, Delta Haven Company, a corporation, Hargill Company, a corporation, Raphael Company, a corporation, Rayman Company, a corporation, Willamar Company, a corporation, and all of each of said companies Texas assets, both real, personal or mixed including choses in action, notes, bonds, deeds of trust, cash in any and all banks within the State of Texas, and all other items of property, both real, personal or mixed, of any kind of character, where-ever situated within the State of Texas, with full authority to take said properties into his possession to manage, operate and control same.

[fol. 355] Said Receiver is further given full power and authority and is hereby directed to take into his immediate possession and charge all of the properties, assets, books of account, contracts, stocks, bonds and mortgages of any kind or character located within the State of Texas; all office equipment, furniture and fixtures of any kind belonging to the defendant companies, and each of them, including all agricultural and farming machinery and personalty of any kind, with full authority to carry on and conduct the business of each of said companies and in connection therewith to receive rents and tolls, collect compromise for, demand and bring suits, and in connection therewith said Receiver is instructed to take into his possession all of the property of each of said companies, to operate the same and to hold the proceeds arising from such operation subject to the further orders of this Court.

The said Receiver is further instructed and directed to receive and collect and hold all payments due and owing each and all of said companies and corporations by virtue of their operations in the State of Texas, whether said indebtedness be now due or hereafter to become due and owing to each of said companies.

That each and every officer, director and agent or employee of each of said companies, and their agents and employees and attorneys, and representatives, and any and all other persons, firms, corporations of any kind or character having in their possession or under their control assets belonging to each of the companies are required and commanded forthwith to surrender same to such Receiver upon demand, including all books of account, minute books, corporate records and all evidence of any business transacted by each of said companies within the State of Texas, including any and all property of any and every type, both real, personal or mixed belonging to each of said corporations, to be kept in the custody of such Receiver subject to [fol. 356] the further orders of this Court.

That each of said corporations, their officers, directors, servants, agents and employees, and their attorneys and their agents, representatives and employees, and any and all other persons, firms, corporations or associations, are

hereby enjoined from in any way interfering or intermeddling with the property hereby directed to be turned over to said Receiver or from hindering or molesting said Receiver in any way while acting as such Receiver and while operating, controlling and managing said properties and from disposing of any of said properties or assets except the transferring and delivering of same to this Receiver subject to the further orders of this Court.

That said Receiver having already heretofore taken the oath required by the laws of the State of Texas as Receiver and having made bond in an amount acceptable to the Court in this cause, no additional oath or bond shall be required of him, but said oath and bond specifically shall relate to all of the assets of American Life Insurance Company, including those now in the possession of the above named defendants, It is further,

Ordered, Adjudged and Decreed

That each and all of the assets of the above named defendants, whether real, personal or mixed be and the same are hereby decreed to be the sole and exclusive property of American Life Insurance Company and when delivered to the Receiver, as per this decree, shall be held by said Receiver, managed, operated and controlled by him subject to the further orders of this Court the same as if said property had been owned in the first place by American Life Insurance Company and subject to the previous decree and orders entered in this cause. It is further,

Ordered

That this decree shall merely supplement the previous decree entered herein, and it is so ordered.

A. J. POWER,
Judge of the 96th Judicial District Court, Tarrant County, Texas.

Recorded; Minute Book C-16, Page 295.

[fol. 357] (Exhibit P.)

Certificate of Assumption.

American United Life Insurance Company
Indianapolis, Indiana

Policy No. .....

This is to Certify that the policy above mentioned, issued or assumed by American Life Insurance Company, Detroit, Michigan, has been assumed by the American United Life Insurance Company, Indianapolis, Indiana, subject to the terms and conditions of the policy and of a reinsurance agreement, copy of which is attached hereto and made a part hereof.

In Witness Whereof, American United Life Insurance Company has executed this Certificate of Assumption this seventeenth day of November, 1939.

(name illegible)
President.

W. A. JENKINS,
Secretary.

GEO. A. BANG,
Managing Director.

This Certificate of Assumption and the attached Reinsurance Agreement form a part of your Policy and should be attached thereto.

State of Michigan

The Circuit Court for the County of Ingham

In Chancery

John G. Emery, Commissioner of Insurance of the State of Michigan, Plaintiff,

vs.

American Life Insurance Company, a Michigan insurance corporation, Defendant.

At a session of said Court held in the City of Lansing, Ingham County, Michigan, on the 17th day of November, A. D. 1939.

Present: Hon. Leland W. Carr, Circuit Judge.

The petition of John G. Emery, Commissioner of Insurance of the State of Michigan as Permanent Liquidating Receiver of the American Life Insurance Company, praying for authority to execute a contract of reinsurance of the American Life Insurance Company's business with the American United Life Insurance Company, a corporation duly organized under and by virtue of the laws of the State of Indiana, with its principal place of business in the City of Indianapolis, Indiana, and for the approval of said contract by this Court, having come on to be heard and the Court having given careful consideration to said contract and being fully advised in the premises; on motion of Shields, Ballard, Jennings & Taber

It Is Ordered that John G. Emery, Commissioner of Insurance of the State of Michigan as Permanent Liquidating Receiver of the American Life Insurance Company, shall be and is hereby authorized and directed to execute the aforesaid contract with the American United Life Insurance Company; and

It Is Further Ordered, Adjudged and Decreed that said contract shall be and hereby is approved.

(Signed) LELAND W. CARR,
Circuit Judge.

Reinsurance Agreement

Reinsurance Agreement

This Agreement made and entered into in duplicate by and between the American United Life Insurance Company, a corporation duly organized under and by virtue of the laws of the State of Indiana, with principal place of business in the City of Indianapolis, Indiana (hereinafter designated as "American United"), and John G. Emery, Commissioner of Insurance of the State of Michigan (hereinafter designated as the "Receiver"), serving by the appointment of the Honorable Leland W. Carr, a Judge of the Circuit Court of the County of Ingham, Michigan, in chancery (said Circuit Court being hereinafter designated as the "Court"), as the duly appointed, qualified, and acting Permanent Liquidating Receiver of the American Life In-

surance Company, a corporation duly organized and existing under and by virtue of the laws of the State of Michigan, with principal place of business in the City of Detroit, Michigan (hereinafter designated as "Michigan Company").

Witnesseth That: In consideration of the mutual promises, covenants, and agreements herein contained, it is agreed by and between the American United and the Receiver as follows:

Article 1.

Reinsurance and Assumption of Policy Obligations of the Michigan Company.

The American United, subject to the liens, terms, conditions and provisions, and only to the extent herein specifically provided, agrees to and does hereby reinsure and assume all valid outstanding policy obligations and liabili- [fol. 358] ties of the Michigan Company in force by their terms on April 12, 1938, or which may be thereafter reinstated according to the terms and conditions of the policy; the risks hereby reinsured, and the liabilities assumed, include all life insurance policies, double indemnity benefits, waiver of premium disability benefits, annuity contracts, and also all supplemental contracts, whether designated as such or as trust agreements or otherwise, all reinsurance policies issued or assumed by the Michigan Company, all liability on account of accumulated dividends or coupons, and all liability to policyholders of whatever kind or character subject, however, to any and all defenses against the claims and actions upon said policies or contracts which would have been available to said Michigan Company had this agreement not been made.

Article 2.

Reinstatement of Lapsed Policies

Lapsed policies may be reinstated upon the terms and conditions provided in such policies and upon reinstatement shall be treated in every way as if in force on April 12, 1938. No evidence of insurability shall be required for the reinstatement of policies which lapsed after April 12, 1938, if reinstated by payment of the past due premiums

with interest at the home office of the American United at Indianapolis, Indiana, or the branch office at Detroit, Michigan, within sixty (60) days from the effective date of this agreement, provided the insured be living on the date of application for reinstatement.

On any policies on which reinsurance was placed by the Michigan Company the amount reinstated shall not exceed the amount retained by the Michigan Company unless and until reinsurance on the amount in excess of the amount retained by the Michigan Company be obtained by the American United.

No policy shall be considered as lapsed if all or any part of the premiums for the current policy year was paid to the Receiver in cash or by premium notes or extension agreements prior to the effective date of this agreement, provided that if only part of the premiums was so paid the entire balance shall be paid in cash within sixty (60) days after mailing of the notice hereinafter provided.

Article 3.

Assets of the Michigan Company

(a) Within sixty (60) days after this agreement becomes effective, the Receiver shall make or cause to be made an appraisal of all the assets of the Michigan Company. Such appraisal shall be made on the basis of the then fair cash market value of such assets, provided, however that listed bonds be valued at their cash market value and that unlisted bonds shall be valued on the basis of the best bids then obtainable. The appraisal shall be prepared in such form that the total fair cash market value of the assets on deposit with the Insurance Departments of the various States which are held for the security of the policyholders, except or unless otherwise expressly provided in this agreement, and the fair cash market value of all other assets in the hands of the Receiver or held for his benefit, excluding policy loans, may be determined. The results of such appraisal and valuations, when approved by the Court, shall be used as a basis for determining by Court order the total allowance for a ratable distribution to all general creditors and all dissenting policyholders

who file claims in the manner herein provided or as may be ordered by the Court.

(b) As soon as practicable after the expiration of the period for filing claims, the Receiver shall remit, transfer, assign, convey and deliver to the American United all and singular the assets of the Michigan Company of every kind, nature and description whatsoever, real, personal, or mixed, after deducting therefrom sufficient cash to pay (a) the unpaid expenses of custodianship or receivership, and (b) the amounts allowed, approved or directed by the Court or estimated by the Receiver to be required to be paid to preferred or secured creditors, dissenting policyholders and other creditors and claimants. If the sums of (a) and (b) above shall exceed the cash held by the Receiver, except cash representing premiums paid to the Receiver since April 12, 1938, the Receiver may at his option (1) sell to the American United selected assets at agreed values, approved by the Court and by the Trustee hereinafter provided, in an amount sufficient to make up such excess or (2) apply to the Court for a severance of assets as between the liabilities of the Michigan Company reinsured and assumed hereunder and under all its other liabilities. In the event severance is made, the Receiver shall retain sufficient assets to pay the amounts specified under (a) and (b) above. In the event the Receiver shall make payment or delivery to the American United hereunder of less than the Company shall be entitled to receive under the provisions of this agreement, the deficiency shall be made good by the Receiver, and if the Receiver shall make payment or delivery to the American United of more than it is entitled to receive hereunder, the excess shall be returned by the American United to the Receiver upon demand. The Receiver shall not be required to make manual delivery of any property on deposit with the Insurance Department or any officer of any state, but shall assign to the American United all his right, title, and interest in such property subject to the terms on which the same was deposited, but as modified by this agreement.

(c) As soon as practicable after this agreement shall become effective the Receiver shall remit, transfer and deliver to the American United the full amount of all

premiums paid to and held by the Receiver, including premiums on all policy contracts, interest and principal payments on policy loans, less premiums paid for reinsurance ceded, and less premiums paid by dissenting policyholders and premiums paid for income disability benefits not assumed by this contract. If the Receiver shall retain an amount which proves to be more than sufficient for this purpose, any unused balance shall be paid and remitted by him to the American United as soon as the claims of dissenting policyholders have been satisfied. If the Receiver shall retain an amount insufficient to satisfy the demands of the policyholders requesting return of premiums, the Company shall return to the Receiver the deficiency as soon as the amount of such deficiency has been determined and demand therefor has been made on the Company by the Receiver.

(d) Coincident with the approval hereof, the title to all assets of the Michigan Company, real, personal and mixed, of any kind and character wheresoever situated, shall vest in the American United, except mortgages under foreclosure proceedings, title to which shall vest in the American United only after sale, and as soon as practicable after this contract becomes effective, the Receiver shall (without hereby limiting or intending to limit the generality of the conveyance of assets elsewhere provided for in this agreement) by appropriate conveyances, assign, transfer, and convey, or cause to be assigned, transferred and conveyed, and shall deliver or cause to be delivered to the American United all of the assets of the Michigan Company, real, personal and mixed, of every kind and character wheresoever situated, whether on deposit with any Insurance Department or otherwise, except as provided in subsection (b). Where the assets to be transferred are on deposit with the Insurance Department of any State or State officer whose laws require such deposit, the Receiver shall not be required to make manual delivery of said assets. The execution hereof shall vest the American United with absolute title to all policy loans and premium liens or extension agreements, all rights of and choses in action, all reinsurance agreements between the American and other companies, together with all rights, privileges and incidents thereof, any and all claims

for advances or loans made by the Michigan Company to agents, and all rights, interests, claims and demands of an intangible nature, whereof either the Michigan Company or the Receiver may be possessed or whereunto they may have rights and claims in law or equity. If any lien exists against any of the aforesaid property the American United takes the same subject thereto and assumes no liability therefor. After the conveyance and delivery of said assets the Receiver shall stand discharged so far as respects said assets and policies and the American United shall not be responsible for them in any degree or manner except as herein provided.

(e) The Receiver shall immediately turn over to the American United all books, records, files, registers, cards, indices, mailing lists, stationery, supplies, contracts, policy forms, and all other records and papers pertaining to the business of the Michigan Company. He shall also deliver to the American United all furniture and fixtures and office equipment and appliances of every kind and nature used by the Michigan Company for the necessary conduct of its business, provided that any furniture or equipment not necessary, as shall be determined by the American United and the Trustee may be sold and the proceeds added to The Fund. Such files and records turned over to the American United shall, however, be available for the use of the Receiver and Trustee.

Article 4.

Trustee

As soon as practicable after the effective date of this agreement a person shall be appointed by the Court to serve as Trustee hereunder (hereinafter designated as "Trustee") who, under the direction of the Court shall perform such duties as shall be assigned to him by the Court, which duties shall include (without limitation as to the generality thereof) approval for and on behalf of the Commissioner and the Court of all sales, liens, transfers, exchanges, acquisition, by purchase or otherwise, or any other transactions affecting real estate, securities, or any other items included in the assets of the Michigan Company. Approval of any transaction by the Trustee re-

quested by the American United in writing duly served upon him or mailed to his regular office or place of business shall be taken as granted in the absence of action thereon for a period of ten (10) business days from the date of service or mailing. The Trustee shall report to the Court as to all action taken by him and shall be liable only for his own wilful acts and defaults. The Trustee shall be entitled to a reasonable compensation to be fixed from time to time by the Court, and such compensation, together with all reasonable disbursements and expenses paid or incurred by him shall be a proper charge against The Fund. The Trustee may resign by filing with the Court a written resignation. The Court, at any time for or without cause, may remove the Trustee by duly entering an order of removal. Whenever a vacancy occurs a successor trustee shall be appointed in the same manner as originally provided herein. Services of Trustees appointed in accordance with this article shall terminate at the end of fifteen (15) years from the effective date of this agreement unless the lien herein established shall be discharged prior thereto. In the event of any controversy between the Trustee and the American United, the Court shall have and retain full control of the subject matter thereof.

Artile 5.

Lien

There being at present a deficiency in the assets of the Michigan Company as compared with its liabilities, it is necessary to place a lien as of April 12, 1938, as against each of the policies of life and endowment insurance, supplementary contracts, and each of the contracts providing for annuities, immediate or deferred, issued by the Mich- [fol. 359] igan Company, or adjust the obligation of the American United, and a lien is hereby created and fixed upon each of such policies and contracts except term policies for twenty (20) years or less and except policies in force under their extended insurance provisions and except for other adjusted obligations to the extent and subject to the terms and conditions hereinafter set forth.

Article 6.

Interest on Liens

So long as any lien against any policy shall remain in effect it shall bear interest computed from April 12, 1938, at the rate of four (4%) percentum per annum. Such interest shall be computed to the nearest succeeding anniversary date of each policy and thereafter annually, and shall become due and payable on such dates. Interest on the policy lien, if not paid when due, shall be added to and become a part of the lien.

Article 7.

Method of Determining Liens

The American United shall immediately proceed to determine the net equity as of April 12, 1938, of each policyholder of the Michigan Company whose policy was in force on that date and whose policy is subject to the lien, or which shall thereafter be reinstated in accordance with the conditions of this contract by the following method:

There Shall Be Added:

(a) Mean Reserve on the policy (not including reserve for disability and/or additional accidental death benefits on active lives).

(b) Reserve for premiums paid in advance.

(c) Reserve for paid-up additions.

From The Total Of The Above Added Items There Shall Be Subtracted To Determine Net Equities:

(a) Policy loans, including due and accrued interest.

(b) Premium notes, including due and accrued interest.

(c) Net due and deferred premiums.

(d) All other policy indebtedness.

The amount of the lien created by this Article is hereby fixed initially at seventy-five (75%) percentum of the net equity of each policy subject to the lien. This percentage shall apply until the appraisal of assets on a cash liquidation basis as provided by Section (a) of Article 3 shall have been completed, and until the completion of the accounting

for the period ending December 31, 1940. As of December 31, 1940 the lien percentage is to be determined in accordance with the provisions of this agreement and shall be established as the lien effective December 31, 1940. As of that date and as of the close of each accounting period thereafter until fifteen (15) years from the effective date of this contract, or until the lien shall be entirely discharged, whichever shall first occur the lien shall be adjusted by applying the net profit or deficit, as shown by the statement provided for herein after providing for the contingency reserve and each individual lien shall be decreased or increased by the ratio which the net profit or deficit after providing for the contingency reserve bears to the total liens outstanding at that time. Such ratio may be taken at the nearest one (1%) percentum. No reduction of liens shall be made unless the total of the net profit after providing for contingency reserve is sufficient to make an adjustment of at least five (5%) percentum of the then amount of liens. The term "net profit" for any period as used in this contract shall be the excess of the surplus and contingency reserve at the end of the period over the amount of the surplus and contingency reserve at the beginning of the period, plus the reduction of liens made during the period and minus any increase in liens made during the period.

Article 8.

Discharge of Lien by Payment

The lien hereby created or any part thereof may be paid at any time by the policyholder in cash. In such event any amounts, which under the terms of this agreement, would have been credited to such lien shall be paid in cash to the policyholder as apportioned and any amounts which under the terms of this agreement would have been added to the lien shall constitute a lien against the policy from the date of the determination of the deficit making such addition necessary. In the event of the death of the policyholder whose lien has heretofore been discharged by payment prior to ten (10) years from the effective date of this agreement, such lien payments, if any, shall be added to the amounts otherwise payable in accordance with the terms of the policy to the beneficiary thereunder, but no charges on account of any deficit shall be made.

Article 9.

Paid-Up Policies

Policies fully paid up and policies paid up for fractional amounts on April 12, 1938, on account of the non-forfeiture provisions of the policies shall be subject to the lien in the same manner and under the same terms as premium paying business.

Article 10.

Extended Insurance

Policies in force under Extended Insurance provisions thereof on April 12, 1938 shall not be subject to the lien hereby established, but such policies, including any pure endowment benefits or annuity benefits, at the end of the extended period shall be reduced in amount to twenty-five (25%) percentum of the amount provided in the policy. As of December 31, 1940 such reduction shall be finally adjusted to that percentage computed as the difference between one hundred (100%) percentum and the lien established as of December 31, 1940. All death claims incurred under policies covered by this paragraph prior to December 31, 1940 shall be paid on the basis provided in this paragraph, with additional payment of any sum thereafter which may become due by reason of adjustment in the lien as of December 31, 1940, which payment shall be a final settlement of this class of claims.

Article 11.

Single Premium Annuities

A lien shall be established on all single premium or paid-up annuities calculated by the same method as is provided for other contracts herein. The lien thereon is hereby fixed initially at seventy-five (75%) percentum of the net equity of the contract-holder. This amount shall govern all payments until the adjustment of the liens provided for in this agreement following the accounting as of December 31, 1940. As of that date and annually thereafter the liens shall be adjusted as is provided herein. The amount payable to annuitants shall be that proportion of the annuity promised which the net equity of the policyholder minus the amount of the lien will provide. Payments due and unpaid shall be paid in cash within ninety (90) days after the

effective date of this agreement. As further distributions toward the liquidation of liens are made, the payments to the annuitants shall be adjusted as of April 12, 1938, and back payments made. Any such payments due after the death of the annuitant shall be paid to his or her estate.

Article 12.

Deferred Annuities

The amount payable under any deferred annuity contract providing for a first payment after April 12, 1938, shall be reduced by the proportion that the lien bears to the net equity of the policyholder at date of maturity; provided, as further distributions toward the liquidation of liens are made, the payments to the annuitants shall be adjusted as of April 12, 1938, and back payments made. Any such payments due after the death of the annuitant shall be paid to his or her estate.

Article 13.

Adjusted Obligations

The following obligations assumed by the American United under this Agreement shall not be subject to the lien but shall be adjusted and settled upon the basis indicated for each classification.

1. Claims For Deaths Occurring Prior to the Effective Date of This Agreement. If the amount of cash paid over by the Receiver to the American United in accordance with the agreement is sufficient for that purpose, all valid and proper death claims, including claims for double indemnity on account of accidental deaths, occurring prior to the effective date of this agreement, shall be paid within ninety (90) days from the effective date of this agreement. If the amount of cash aforesaid is not sufficient to pay all valid claims in full, such amount shall be applied for this purpose pro rata and the remaining amount of such claims shall be paid in twenty-four (24) equal monthly instalments without interest, the first instalment payable after the initial payment herein provided.

2. Matured Endowments. Endowments maturing prior to April 12, 1938 shall be paid in the amount of twenty-five (25%) percentum of the amount provided in the policy,

payable in one sum or at the option of the American United in twenty-four (24) equal monthly instalments without interest, the first instalment payable within ninety (90) days after the effective date of this agreement. Upon payment of the first instalment there shall be issued to the policyholder a participation certificate in a form approved by the Commissioner, which shall provide that the policyholder shall receive his pro rata share of such profits as may be thereafter available for the reduction of the liens under the terms of this agreement. Such payments shall be made if, when and as such adjustment of liens is made.

3. Supplementary Contracts Arising from Death Claims. Holders of supplementary contracts arising out of death claims shall be paid in full as provided in such supplementary contracts, provided that the cash available in The Fund be sufficient. If the cash available is not sufficient, the American United may either (a) sell such of the assets of The Fund as may be necessary to furnish sufficient funds at prices mutually agreeable to the Commissioner or Trustee and the American United, subject to the approval of the Court, or (b) advance any money necessary to make such payments, the amounts so advanced to be charged against The Fund and to bear interest at the rate of four (4%) percentum per annum from the date of such advancement until repaid, or (c) pay such contracts in instalments as rapidly as the cash available will permit, provided that any request for lump sum settlement shall be subject to the moratorium herein provided as to cash surrender values.

4. Supplementary Contracts Not Arising from Death Claims. Supplementary contracts not arising from death claims and not including agency contracts shall be reduced to twenty-five (25%) percentum of the amount provided in the supplementary contracts and paid in the amount of said percentage provided that the cash available in The Fund be sufficient for this purpose. If the cash available is not sufficient for this purpose, the American United may either (a) sell such of the assets of The Fund as shall be necessary to furnish sufficient cash at prices mutually agreeable to the Commissioner or Trustee and the American United, subject

to the approval of the Court, or (b) advance any money necessary to make such payments the amounts so advanced to be charged against The Fund and to bear interest at the [fol. 360] rate of four (4%) percentum per annum from the date of such advancement until repaid, or (c) pay such contracts in instalments as rapidly as the cash available will permit. Upon payment of the first instalment there shall be issued to the contract-holder a participation certificate in a form approved by the Commissioner or Trustee which shall provide that the contract-holder shall receive his pro rata share of such profits as may thereafter be available for the reduction of liens under the terms of this Agreement. Such payments shall be made if, when and as such adjustment is made, provided that any request for a lump sum settlement shall be subject to the moratorium herein provided as to cash surrender values.

5. Total and Permanent Disability Benefits. Valid disability claims which arose on or prior to the date of payment of premium next following April 12, 1938 shall be allowed and paid as provided in the policy. Monthly or other income disability benefits (but not the waiver of premium benefits or instalment benefit provisions where the instalments paid are a charge against the face of the policy and are deducted from settlement at death of the insured) included in the life policies shall be and are hereby discontinued as to any disability arising subsequent to the date of the payment of premium next following April 12, 1938 and the premium payable shall be reduced by the amount charged in the policy for this benefit.

No claims shall be recognized for monthly or other income disability benefits (but not the waiver of premium benefits or instalment benefit provisions where the instalments paid are a charge against the face of the policy and are deducted from settlement at death of the insured) where such disability occurred prior to next premium due date subsequent to April 12, 1938 unless notice in writing has been duly received by the American United at its home office not later than December 31, 1939.

6. Dividends on Deposit. The amount of any funds held to the credit of holders of dividends on deposit is hereby

reduced to twenty-five (25%) percentum of the original amount, subject to final adjustment on the basis of the lien established by the accounting as of December 31, 1940.

7. Endowment Contracts Which Mature Subsequent to April 11, 1938: Endowment contracts which mature subsequent to April 11, 1938 shall be paid in the amount provided in the policy, less the then existing lien, and there shall be issued to the policyholder at that time a participation certificate in a form approved by the Commissioner or Trustee, which shall provide that the policyholder shall receive his pro rata share of such profits as may thereafter be available for the reduction of the liens under the terms of this agreement. Such payments shall be made if, when and as such adjustment of liens is made.

Article 14.

Settlement With Living Policyholders.

In all settlements with living policyholders, whether on request of such policyholders for benefits under the non-forfeiture provisions of the policy or by the application of such non-forfeiture provisions under the automatic provision of the policy, the lien and accrued interest thereon shall be deducted in the same manner as is provided in the policy for the deduction of any other policy indebtedness. Any policies upon which the extended insurance option becomes effective between April 12, 1938 and December 31, 1940 shall be adjusted on the basis of the lien established by the accounting as of December 31, 1940. Whenever the accumulated indebtedness, including the lien and accrued interest on a given policy shall equal or exceed the reserve under the policy, the policy shall become null and void upon thirty (30) days notice in writing duly mailed to the insured, (Proof of mailing being sufficient to establish such notice), provided that the insured shall have the right during such thirty days to make such payment as may be necessary to maintain the total indebtedness including the lien at an amount less than the reserve on the policy.

Article 15.

Waiver of Liens.

The American United will not deduct the lien or accrued interest thereon from any claim arising from death occur-

ring within ten years from the effective date of this agreement. The assumed cost of this benefit shall be considered as a liability of The Fund as of the date of this agreement and shall be included in the liabilities in each annual accounting. Any profits from this benefit shall inure to the benefit of the remaining policyholders.

After the expiration of ten (10) years from the effective date of this agreement any part of the liens still remaining in force shall be treated in every way as a policy indebtedness, and the amount of the lien with accrued interest shall be deducted in settlement of any death claim or any benefit under the policy.

Article 16.

Limited Moratorium From Loan and Cash Surrender Values.

For a period of five (5) years from the effective date of this agreement no policy loans except loans for payment of premiums on a policy on the same life shall be made, and no cash surrender values shall be paid out of net equities minus the lien on any policy reinsured hereunder, and each policyholder shall be restricted in any right to optional settlements to the paid-up or extended insurance option only for the amount his net equity minus the lien will purchase. Any policyholder may at his option take the cash surrender value of any policy held by him in the form of a non-interest bearing certificate of indebtedness payable when the moratorium is lifted. However, the increase, if any, in the loan or cash surrender value of any policy, accumulated out of premiums paid subsequent to April 12, 1938, or by amounts paid by the policyholder in reduction of the lien or of any loan against such policy, with proper adjustment for any policy indebtedness, shall be available according to the terms of such policy and subject to any regulation of the Insurance Department or any law of the State of Indiana or of the State wherein the insured resides, provided the American United is licensed in such State. On application of the American United, the Commissioner of Insurance of the State of Michigan may either extend or reduce the period of this moratorium if, in his opinion, such action is necessary properly to conserve the equities of the policyholders.

Article 17.

Return of Premium.

The American United shall have the right to return any premium paid to the Michigan Company or to the Receiver and by him paid to the American United in any case in which the Michigan Company would have had the right to return or to refuse to accept the same.

Article 18.

Future Treatment of Policyholders.

Except as modified by this agreement and the lien hereby established, every policyholder of the Michigan Company shall receive the same treatment from the American United as he would have been entitled to receive if his policy had remained in force in the Michigan Company. No premium shall be increased unless the Michigan Company was empowered to make such increases. The provisions of every reinsurance contract executed by the Michigan Company covering policies of other companies assumed by the Michigan Company shall be carried out according to the terms of such policies and such reinsurance contracts subject only to the modifications provided by this agreement.

At the end of fifteen (15) years from the effective date of this agreement, or when the liens hereby created are completely discharged, whichever shall first occur, the business hereby reinsured shall be merged with the other business of the American United and shall participate in the surplus of the American United and such dividends shall be paid as the Board of Directors shall determine, provided that if this provision shall become effective at the end of fifteen (15) years from the effective date of this agreement and any part of the liens hereby created shall then remain in force, any dividends apportioned shall be applied as credits against the lien until the lien shall be entirely discharged. At the end of fifteen (15) years from the effective date of this agreement, or when the liens hereby created are completely discharged, whichever shall first occur, the holders of policies of the Michigan Company hereby reinsured and then remaining in force shall become members of the American United and shall be entitled to a vote and a voice in the management under the same con-

ditions and to the same extent as other policyholders of the American United.

Article 19.

Exchange of Policies.

If the insured named in any policy reinsured hereunder, shall apply to the American United to have his policy exchanged for a new policy issued by the American United in lieu thereof, such exchange may be made by the American United under such terms and conditions as may be approved in writing by the Commissioner of Insurance of Michigan and the Insurance Commissioner of Indiana, but no first year commissions and no renewal commissions in excess of those permitted by this Agreement, shall be charged in the annual accounting, except with such approval. Any such exchanged policy shall for accounting purposes remain a part of the business of the Michigan Company. It is expressly understood and agreed between the parties hereto that every plan, undertaking, or campaign on the part of the American United, directly or indirectly, to rewrite the business of the Michigan Company is hereby prohibited, and any such plan, effort, or campaign calculated to influence the policyholders to transfer or exchange their policies, undertaken directly or indirectly by the American United, or carried on with its knowledge or approval, is and shall be deemed a violation of this agreement, subjecting said Company to such corrective Court orders, upon due notice and hearing, as may be necessary and proper under the circumstances. It is further expressly agreed and understood that in the event the best interests of the policyholders of the Michigan Company should hereafter require the transfer or exchange of policies, a petition may be filed with the Court by the American United or the Trustee setting forth the facts, and if approved by the Insurance Commissioner of the State of Indiana and the Commissioner of Insurance of the State of Michigan, such plan may then be authorized as shall appear to be proper and necessary and as the Court may direct.

Article 20.

Participating Policies.

The provisions of any policies reinsured hereunder for participation in surplus are hereby discontinued until the

lien shall be entirely extinguished or until the end of the fifteen (15) year period whichever shall first occur, and the premiums on such policies are reduced to a non-participating basis. Such non-participating premiums shall be the net premiums necessary to provide the benefits promised in the policies upon the basis specified in the policy, plus seven and one-half (7½%) percentum of such net premiums; provided that if the Michigan Company formerly issued a non-participating policy providing for substantially the same benefits, the non-participating premium shall be the non-participating premium in use in that Company at the date of issue.

[fol. 361] Article 21.

Annual Accounting.

There shall be maintained on the books of the American United for fifteen (15) years from the effective date of this contract, or until the liens hereby created are completely discharged, whichever shall first occur, an account known as "The Michigan American Fund" (herein designated as "The Fund"). To this account shall be Credited:

(a) All sums paid and assets delivered by the Receiver to the American United.

(b) All income received from this business.

(c) Interest on the assets of The Fund at the actual rate of interest earned by such assets.

(d) All profits on sale or maturity of assets of The Fund.

Against this fund shall be Charged:

(a) All disbursements specifically and directly chargeable to this business, including taxes and investment expenses specifically chargeable to assets and business of The Fund.

(b) An annual charge (pro-rata for any fractional year) to apply on the general administration and overhead expense of the American United which shall be calculated upon the basis of $1.50 per thousand of the mean amount of premium paying business in force during any year and $1.00 per thousand of the mean amount of business in force under the paid-up or extended insurance provisions.

(c) All losses on sale or maturity of assets of The Fund.

For fifteen (15) years from the effective date of this contract or until the liens hereby created are completely discharged, whichever shall first occur, the American United shall maintain complete and separate accounting records of the business hereby reinsured which shall be the basis for any adjustment on the liens hereby created. As of December 31, 1940, and annually thereafter, the American United shall prepare a complete statement in the form prescribed for its reports to the Insurance Departments showing the income and disbursements and assets included at their fair market value as determined by the American United and subject to the approval of the Commissioner of Insurance of the State of Michigan, and the liabilities of this Fund and not later than May 1st of each year shall file copies of such report with the Commissioner of Insurance of the State of Michigan and the Court. Approval of such report by the Commissioner and the Court shall be final and binding on all persons interested or concerned. All assets represented by The Fund shall be kept entirely separate and distinct from the other assets of the American United. No transfer of any assets at any time without specific order of the Court shall be made between assets in The Fund and other assets of the American United, and without such specific order of the Court, no investment of moneys from The Fund shall be made directly or indirectly in any investments of the American United, provided that the American United shall have the right to co-mingle cash belonging to The Fund with other cash of the American United. Assets belonging to The Fund shall be so designated and set apart that they will not be subject to any demand of other policyholders or creditors of the American United.

Article 22.

Contingency Reserve.

Before applying any profits toward the reduction of liens the American United may set aside as a contingency reserve, an amount not in excess of twenty-five (25%) percentum of the net profits for the year preceding. Such contingency reserve shall not in the aggregate exceed ten (10%) percentum of the difference between the net reserve on the business hereby reinsured and then in force and the liens then outstanding. Such contingency reserve may,

at the option of the American United, be applied at any time to the reduction of the liens and any such contingency reserve then existing shall be applied to this purpose at the end of fifteen (15) years from the effective date of this contract unless the liens shall be entirely liquidated before that time.

Article 23.

Agency Contracts.

The American United shall not be bound by any agency contracts entered into by the Michigan Company nor shall it be liable for any claims against the Michigan Company arising out of such agency contracts. However, the American United may enter into a new contract with any former agent of the Michigan Company or any other agent, for the purpose of conserving the business reinsured upon terms and conditions mutually agreeable. The American United may pay to such agent when it is deemed necessary to conserve the business and under such conditions as it may prescribe, a renewal commission as an expense of the business reinsured at a rate not to exceed five (5%) percentum of the annual premiums paid for a period not to exceed nine (9) years after the effective date of this contract and thereafter upon the same conditions a collection fee not to exceed two and one-half (2½%) percentum of such annual premiums thereafter paid. If necessary in order to conserve the business the provision of this agreement regarding renewal commissions may be modified by order of the Court and the approval in writing of the Commissioner of Insurance of Michigan and the Commissioner of Insurance of Indiana. Renewal commissions shall be calculated upon premiums actually received in cash on business entrusted to the care of such agent.

The Receiver shall assign and transfer to the American United any claims which the Michigan Company may have against such agents as enter into agency contracts with the American United and shall have the right to deduct from any renewal commissions earned by the agent, any such indebtedness of the agent to the Michigan Company.

Article 24.

Preliminary Expenses.

The American United shall not charge against the profits of this business any actuaries' or attorneys' fees or any

other fees or expenses paid or incurred by it at any time in connection with the proposal of the American United or with the negotiations, preparation and presentation resulting in the final execution of this Agreement and its approval.

Article 25.

Annual Statement.

The American United in filing any statement with its home state or with any other state shall report the liens including any unpaid interest thereon as a deduction from the gross reserves on the policies to which the lien attaches, provided that the aggregate amount of liens be shown as a separate item.

Article 26.

Determination of Claims.

The determination by the American United as to the validity of any claim and to the payment thereof, shall be binding as to all other persons reinsured hereunder.

Article 27.

Reinsurance.

The American United shall have entire freedom of action regarding reinsurance of over average policies. It may continue or replace any existing reinsurance agreement covering such policies and it may either reduce the maximum retention on one life or increase such maximum retention, either under the existing treaties or under additional treaties, but such excess shall not be reinsured in the American United in excess of the amount carried by the American United on April 12, 1938.

Article 28.

Business Reinsured.

The American United shall have the right, notwithstanding any provision of this Agreement to the contrary, to pay in one sum any portion of any death claim reinsured in another company which is payable in one sum under the policy provisions.

Article 29.

Conservation of Business.

The conservation and rehabilitation of the assets of the Michigan Company and the conduct of the insurance and

investments shall receive the diligent and solicitous attention of the American United.

Article 30.

Additional Privileges, Rights and Powers.

In addition to the privileges, rights and powers expressly granted by this agreement, the American United shall have all privileges, rights and powers not inconsistent herewith possessed by the Michigan Company heretofore now or at any time in the future had it continued as a going concern.

Article 31.

Final Reinsurance.

As provided elsewhere in this Agreement the policies assumed shall become, without limitation (except for any final lien which may be determined) the obligation of the American United at the expiration of fifteen (15) years from the effective date of this Agreement or at such prior date as the lien upon all policies shall be completely removed. When the lien is thus completely removed or finally determined all policies shall become participating with other policies of the American United as provided herein. In determination of the date when the lien upon all policies shall be completely removed, the assets shall be appraised and the contingency fund will not be regarded as a liability. At such time and after approval thereof by the Court, no contrary order having been previously entered by the Court in any proceedings contemplated by this Agreement, The Fund shall cease to exist and the assets therein shall be considered as other assets of the American United.

Article 32.

Management Contract.

It is understood and agreed between the parties hereto and all persons who may accept the benefits of this agreement as herein provided, that this agreement is a reinsurance management contract, providing for direct assumption of policy obligations and liabilities only after the lien herein provided is entirely discharged or until the expiration of fifteen (15) years from the effective date of this agreement, whichever shall first occur, (except for any final lien

which may be determined) and providing for the management by the American United of the assets and business of the Michigan Company in the interim. It is further expressly understood and agreed that during the management period the American United shall have no right to accept or receive any profits or gains, directly or indirectly, from the assets transferred and conveyed or from the business reinsured, and all such profits and gains of every character and description shall be solely for the benefit of The Fund.

By reason of the foregoing provision it is likewise understood and agreed as one of the conditions of this Agreement that until fifteen (15) years from the effective date of this Agreement or until such prior time as the liens shall be entirely removed from all policies, the liability of the American United to pay any sum of money is limited in the payment of all sums to the extent The Fund will permit and not otherwise. Wherever in this agreement the words [fol. 362] "pay," "assume," "liability" or "reinsure" are used in connection with the undertakings of the American United the ordinary meaning of such words or any other words of like import, is qualified by the provisions of this paragraph.

In determining any questions arising as to the proper construction of the agreement, the provisions of this paragraph shall be given controlling consideration.

If additional cash is necessary for the proper conduct of the business and the prompt payment of all obligations chargeable to the Fund the moratorium provided herein shall continue in force, or if previously lifted, again be put in force and the American United may sell, at prices approved by the Trustee or Commissioner any of the assets of The Fund or to pledge or hypothecate them; or if sale of such assets is not practical or possible, the American United will, subject to the requirements of the laws of the State of Indiana as to securities available for deposit, and to such terms and conditions as may be approved by the Commissioner of Insurance of Michigan and the Insurance Commissioner of Indiana, make such loans of money as may be necessary to pay death losses and operating expenses; such loans shall be charged against The Fund and shall bear interest at the rate of four (4%) percentum per annum from the date of such advancement until repaid.

Article 33.

Notice

The Receiver shall mail promptly to the insured named in all policies in force on April 12, 1938, and any assignees thereof of record and owners of supplementary contracts or annuity contracts, a notice of the final approval of this Agreement, printed copy of this Agreement, the order of the Court approving the same (which order is hereby made a part of the Agreement) inserted in an envelope, first class postage prepaid, addressed with the name and address of each of the persons aforesaid last shown upon the records of the Michigan Company.

Article 34.

Approval of Contract

Any policyholder may dissent from the provision of this agreement by notice in writing to the Receiver within thirty (30) days from the date of mailing of notice as provided in Article 33. If no such action be taken by the policyholder he shall be deemed to have accepted the provisions of this agreement and his rights and privileges shall be governed by this agreement. The rights of dissenting policyholders, shall be such as may be determined by the Court.

Subject only to the provisions of this agreement and until fifteen (15) years from the effective date of this agreement or until the liens hereby created are fully discharged, whichever shall first occur, the Court shall retain complete and exclusive jurisdiction over the assets remaining in the hands of the American United and business of the Michigan Company which is hereby assumed and reinsured by the American United, but before any final order shall be made with respect thereto, the American United shall be given reasonable notice and an opportunity to be heard. Any and all expenses and fees allowed by the Court to the trustee, attorneys, auditors, actuaries, masters in chancery or other representatives of the Court in carrying out the provisions hereof, shall be charged as a disbursement in determining the profits of The Fund. No report or accounting to the Court by the American United shall be considered approved until an order of approval shall have been entered

by the Court except that after filing such report or accounting if no objection shall have been filed within three (3) months and no order is entered extending the term for filing objections, such report shall be considered approved. To avoid the possibility of a multiplicity of suits in several jurisdictions and the expense of unnecessary litigation and to conserve the business hereby reinsured, no action at law or in equity shall be instituted or maintained against the American United involving the interpretation or construction of this agreement or any provision thereof in any other jurisdiction than the Circuit Court of Ingham County, Michigan, but this shall not preclude any insured or beneficiary from bringing action in any court of competent jurisdiction upon his or her policy or contract as modified by this agreement.

Article 35.

Rights of Dissenting Policyholders

Any person acquiring or becoming entitled to any benefit under or by virtue of this agreement shall thereby and thereupon release any claim to any assets of the Michigan Company held by the Receiver and any claim against the Receiver based upon the same policy or contract except so far as there may be an election not to be bound by this agreement filed as provided in the order of Court approving this agreement. Such election not to be bound shall remove such policy and any one basing any right or claim thereon from any interest hereunder and any interest in the assets of The Fund received by the American United. Unless application for reinstatement is made in accordance with Article 2 herein, policyholders whose policies lapsed subsequent to April 12, 1938 and who requested a cash surrender value settlement from the Receiver shall be considered as a dissenting policyholder in accordance with this article.

Article 36.

Policies Secured by Special Deposits

The parties hereto recognize that a controversy exists between the Receiver and the Insurance Commissioner of the State of Iowa, in his official capacity and as statutory Receiver in the State of Iowa of the American Life Insur-

ance Company, as to the rights of all the policyholders in the securities that were deposited by the Michigan Company pursuant to the laws of the State of Iowa and certain reinsurance agreements made and entered into by and between the American Life Insurance Company of Des Moines, Iowa, and the American Life Insurance Company of Detroit, Michigan, under dates of August 24, 1921, December 27, 1922 and December 3, 1923; it being the claim of the Michigan Receiver that such deposit is for the benefit of all policyholders of the Michigan Company as of April 12, 1938, and it being the claim of the Insurance Commissioner of the State of Iowa and the Iowa Receiver that such deposit is for the sole benefit of those policyholders who held life insurance policies in the American Life Insurance Company of Des Moines, Iowa, whose policies were reinsured by the American Life Insurance Company of Detroit, Michigan, pursuant to the agreements above referred to, hereinafter known as the Des Moines Group.

Unless the controversy is settled amicably, it shall be litigated by the Receiver for the purpose of determining the rights of the respective groups of policyholders. Pending the determination of the controversy, the initial lien herein set forth shall apply to the Des Moines Group, and they shall share in all benefits herein provided for the policyholders of the Michigan Company, including the waiver of lien and the payment of death claims as set forth in Article 15 of this agreement, but such payments shall be charged against premium collections of the Des Moines Group and the deposit in controversy.

If, as a result of litigation, it shall be determined by a court of competent jurisdiction that the policyholders of the Des Moines Group have no other or greater rights under this agreement than the other policyholders, then this Contract shall apply to all policyholders equally.

However, if a court shall find that the Des Moines Group is entitled to any other and different treatment than other policyholders, an appropriate amendment to this contract acceptable to all parties shall be made within a reasonable time after the entry of such order, granting to the Des Moines Group such rights as shall have been determined by a court of competent jurisdiction that said policy holders are entitled to.

It is the intention that after the determination of said controversy by litigation in a court of competent jurisdiction that the Receiver shall apply to the Michigan Court for instruction to treat the Des Moines Group in a manner consistent with the finding of the court in which said controversy is litigated.

Article 37.

Effective Date

This agreement shall be effective when approved by the Court and the Commissioner of Insurance of the State of Michigan and the Insurance Commissioner of the State of Indiana. The effective date shall be the date of the last approval required.

No payment shall be required of the American United until ninety (90) days after the effective date, nor until the Receiver shall have transferred to the American United all cash held by him pertaining to policy contracts as provided by Section (b) Article 3 herein, i. e., premiums and interest and principal payments on policy loans less premiums paid for reinsurance ceded. If such payment is delayed for a period beyond ninety (90) days, any payment by the American United shall be deferred for the same period of time. No personal liability on the part of the Receiver is assumed under this contract.

In Witness Whereof, These presents are executed by the American United by its Managing Director and Secretary and its corporate seal affixed this 17th day of November, 1939; and by the Receiver this 17th day of November, 1939.

AMERICAN UNITED LIFE
INSURANCE COMPANY,
GEO. A. BANG,
Managing Director.

(Corporate Seal)

Attest:

W. A. JENKINS, Secretary.

(Signed) JOHN G. EMERY,
As Permanent Liquidating Receiver
of the American Life Insurance Company of Detroit.

I, Geo. H. Newbauer, Insurance Commissioner of the State of Indiana, having examined the attached copy of the contract under the terms of which the American United Life Insurance Company, an Indiana Corporation with its principal place of business in Indianapolis, Indiana, agrees to assume the management of the business of the American Life Insurance Company, a Michigan Corporation with its principal place of business in Detroit, Michigan, do hereby approve said contract.

In Witness Whereof, I have hereunto set my hand and affixed the seal of my office at Indianapolis, Indiana, this 18th day of November, 1939.

GEO. H. NEWBAUER,
(Seal) Insurance Commissioner.

[fol. 363] (Exhibit Q.)

State Exhibit

Business orignally issued by American Life Insurance Company of Des Moines, Iowa, and in force as of September 1, 1921.

State	Number	Amount
Colorado	258	558,058.04
Illinois	435	685,293.33
Iowa	6636	11,662,684.15
Kansas	1410	2,126,213.55
Minnesota	885	1,821,340.20
Montana	224	608,247.67
Nebraska	173	319,927.00
New Mexico	20	37,500.00
North Dakota	1379	2,908,063.56
Oklahoma	2988	5,256,476.48
Oregon	440	998,723.38
South Dakota	1303	2,582,897.52
Washington	529	1,396,687.78
Wyoming	69	133,500.00
Miscellaneous	663	1,112,449.83
Total	17,412	32,208,062.49

[fol. 364]

(Exhibit R)

List Of Securities On Deposit With The Insurance Department Of Iowa And In The Possession Of The Insurance Commissioner As Temporary Receiver Of American Life Insurance Company June 17, 1938.

Mortgage loans on real estate	$ 1,513,789.55
Texas land in hands of holding Companies	862,811.31
Sales contracts	134,301.21
Bonds — H. O. L. C.	15,000.00
Policy loans	1,080,371.29
Total amount	$ 3,606,273.36

Summary Mortgage Loans By States

Summary Sales Contracts By States

[fol. 365]

Summary Of Mortgage Loans By States

State	No. Of Loans	Principal Amount
Indiana	3	$ 15,667.27
Iowa	1	23,300.00
Kansas	2	5,005.59
Michigan	49	1,210,688.01
Minnesota	1	1,189.97
Montana	2	5,304.00
North Dakota	1	1,700.00
Oklahoma	26	70,776.75
South Dakota	1	118.72
Texas	86	175,789.24
Wyoming	1	4,250.00
Texas (20 parcels in hands of Holding Companies) (7,324.88 acres)		862,811.31
Grand total Mortgage loans		$ 2,376,600.86

Summary Of Sales Contracts By States

State	No. Of Contracts	Principal Amount
Colorado	1	$ 7,500.00
Indiana	1	4,003.66
Kansas	1	7,600.00
Michigan	16	114,227.55
Oklahoma	1	970.00
Grand total sales contracts		$ 134,301.21

Mortgage Loans On Real Estate

	Loan No.	Name And Address Of Mortgagor	Location Of Premises And Kind Of Property	Principal Amount
Indiana	3461	Mary J. Niblick Decatur, Indiana	Decatur, Indiana Business & Residence	$ 4,000.00
	3503	Julius & Robert A. Hougk Decatur, Indiana	Decatur, Indiana Business Bldg.	9,000.00
	3609	Grover C. and Grace C. Wainscott Rochester, Ind.	120 E. 8th Rochester, Ind. Store Bldg.	2,667.27
			Total Indiana	$15,667.27
Iowa	1375	A. C. Sivers Carson, Iowa	Pottawattamie County Farm	$23,300.00
			Total Iowa	$23,300.00
Kansas	872	George W. and Alta S. Finnup	Finney County Farm	1,000.00
	3627	A. E. Bohn Rollo, Kansas	Morton County Farm	4,005.59
			Total Kansas	$5,005.59
Michigan	2	Irene C. and Catherine V. Fisher, 3418 Warren Ave. Detroit, Michigan	1046 Warren St. W. Detroit, Michigan Residence	500.00
	365	W. C. Plummer 3304 Montgomery Avenue Detroit, Michigan	Montgomery Avenue Residence	1,752.02
	796	Louis P. and Sarah E. Sweetwine 4234 2nd Ave. Detroit, Michigan	2nd Blvd. Detroit, Michigan Residence	6,591.15
	895	Talbot and Constance F. Smith, Box 81 R 2 XXXXXXXXXXX Tucson, Arizona	Connecticut Ave. Highland Park, Mich. Residence	1,625.00
	1091	Verne C. Joslyn, Executor estate of Julie E.R.Stewart 1935 W. Burlingame Detroit, Michigan	205 Monterey Avenue Highland Park, Mich. Residence	2,625.00
	1284	Joseph P. Maloney 74-80 Sibley Street Detroit, Michigan	78 Sibley Street Hotel, Detroit	58,500.00

			Total Kansas	$5,005.59
Michigan	2	Irene C. and Catherine V. Fisher, 3418 Warren Ave. Detroit, Michigan	1046 Warren St. W. Detroit, Michigan Residence	500.00
	365	W. C. Plummer 3304 Montgomery Avenue Detroit, Michigan	Montgomery Avenue Residence	1,752.02
	796	Louis P. and Sarah E. Sweetwine 4234 2nd Ave. Detroit, Michigan	2nd Blvd. Detroit, Michigan Residence	6,591.15
	895	Talbot and Constance F. Smith, Box 81 R 2 XXXXXXXXXXX Tucson, Arizona	Connecticut Ave. Highland Park, Mich. Residence	1,625.00
	1091	Verne C. Joslyn, Executor estate of Julie E.R.Stewart 1935 W. Burlingame Detroit, Michigan	205 Monterey Avenue Highland Park, Mich. Residence	2,625.00
	1284	Joseph P. Maloney 74-80 Sibley Street Detroit, Michigan	78 Sibley Street Hotel, Detroit	58,500.00
	1385	Margaret Edwards 14520 Ashton Avenue Detroit, Michigan	8690 12th Street Detroit, Michigan Business	8,000.00
[fol. 367]	1390	Dearborn Apartment Corp. Home Office American Life Company, Grace E. Thompson Secretary	Monroe Street Dearborn, Michigan Apartments	$ 17,000.00
	1434	Wm. H. McBryan & Laetitia C. McBryan, 826 LaFayette Bldg. Detroit, Michigan	N.W.Cor. Kercheval & Lakeview Aves. Detroit, Michigan	35,253.75
	1463	Dearborn Apartment Corp. Home Office American Life	Porter St. Dearborn, Michigan (Between	30,299.74

[fol. 368]

1966	Albert S. & Edgar W. Glasgow 139–145 Michigan Ave. Jackson, Michigan	139–145 Michigan Ave. 134–140 E. Courtland St. Jackson, Michigan	$200,000.00
2063	Ann Arbor Asphalt Constr. Co. 221 Filch St. Ann Arbor, Mich.	Business Bldg. 712–728 Beniteau Ave. Detroit, Mich. Apartments	16,000 00
2340	Benton Harbor Masonic Association Benton Harbor, Mich.	Mason Temple Block Benton Harbor, Mich. Lodge Bldg.	32,000.00
2349	James L. & Flora E. Hensen 1115 Garland Avenue Flint, Michigan	522–524 5th Avenue Flint, Michigan Residence	2,500 00
2558	Ernest E. Sayles 2525 Hiland Detroit, Michigan	925 E 8th Street Flint, Michigan Residence	2,998.36
2559	Ernest E. Sayles 2525 Hiland Detroit, Michigan	812 E. 9th Street Flint, Michigan Residence	4,082.14
2589	Charles W. Young & Jennie G. his wife 421 W 2nd St., Flint, Mich.	419–421 W 2nd Str. Flint, Michigan Residence	3,348.98
2628	Alta Beach Edmonds 714 Clifford Street Flint, Michigan	931 Detroit Street Flint, Michigan Residence	4,062.44
2660	Cyrus M. Pierce & Bertha S. Pierce Vassar, Mich.	1128 Chippewa St. Flint, Michigan Residence	1,361.24
2662	Norah D. Root 1450 New York Ave. Flint, Mich.	1450 New York Avenue Flint, Mich. Residence	1,389.04
2669	Roy J. Griffin & Marjorie E. 521 Commonwealth Ave. Flint, Michigan	521, 525 Commonwealth Ave. Flint, Mich. Dwelling	4,105.16
2718	Edwin J. & Emma E. Roberts Central Park Danville, Ill.	215 E. Rankin St. Flint, Mich. Residence	314.41
2769	Geo. W. Dunn, Jr. & L. B., wife, 1st C. A. (A.A.) Fort Sherman, Canal Zone	1828 Vinewood Blvd. Ann Arbor, Mich. Residence	2,309.43
2802	Mrs. Clara Umpstead 417 Chase St. Flint, Mich.	417 Chase St. Flint, Michigan Residence	2,600.26
2808	William Mertz Penobscott Bldg. Detroit, Michigan	Grosse Point Shores Lochmoor & St. Clair Shores, Detroit, Mich. Lots	45,000.00

	2802	Mrs. Clara Umpstead 417 Chase St. Flint, Mich.	417 Chase St. Flint, Michigan Residence	2,600.26
	2808	William Mertz Penobscott Bldg. Detroit, Michigan	Grosse Point Shores Lochmoor & St. Clair Shores, Detroit, Mich. Lots	45,000.00
[fol. 369]	2823	Oscar E. Thomas 717 E. 12th St. Detroit, Michigan	2234 Adams Avenue Flint, Michigan Residence	$ 2,345.46
	2846	Edgar N. Rogers & Clara B. Rogers, 927 Blanchard Flint, Michigan	1434 Davison Road Flint, Michigan Residence	963.54
	2879	A. E. George 772 Wood St. Flint, Michigan	772 E. Wood St. Flint, Michigan Residence	3,032.38
	2939	H. T. Kinley 522 West Baker St. Flint, Michigan	123 West Taylor Ave. Flint, Michigan Residence	605.40
	2986	William M. Mertz Penobscott Bldg. Detroit, Michigan	980 Lake Shore Road Gross Point Shores Detroit, House & Lot	75,000.00
	3346	John F. Wilson St. Joseph, Michigan	313-39 State St. St. Joseph, Mich. Stores	6,000.00
	3449	Martha M. Drake 15600 Windmill Point Detroit, Michigan	Oakland County, Mich. Lake Angeles Shores Vacant Lots	34,934.91
	3526	Ralph H. & Ethel W. Hamblen 4060 Clairmont Ave. Detroit, Michigan	240 E. Garfield Ave. Detroit, Michigan Residence	2,150.21
	3630	Florence Walker Sattley & Hale V., 915 Hammond Bldg. Detroit, Michigan	430 Lakeland Avenue Gross Point, Mich. Residence	16,554.04
	3760	Vincent D. Cliff 2980 West Grand Blvd. Detroit, Michigan	N. W. Cor. Milwaukee & 3rd Ave., Detroit Mich. Rooming House	47,730.18
	3767	Saul & Sophie Katz 2083 National Bank Bldg. Detroit, Michigan	459 Henry Street Detroit, Michigan Apartments	46,270.14
	3770	Nathan Lee 4061 Hamilton Ave. Detroit, Michigan	3751-3753 Edison Ave. Detroit, Michigan Residence	4,981.51
	3792	Alice Thayer 923 LaPeer St. Flint, Mich.	924 Lapeer St. Flint, Mich. Residence	3,374.05
			Total Michigan	$1,210,688.01

[fol. 370] Minnesota	199	George W. Weeber Route 2, Goshen, Indiana	Red Lake County Minn. 160 A. farm	$ 1,189.97
			Total Minnesota	$ 1,189.97
Montana	833	John E. & Alpha B. Benjamin Albion, Mont.	County of Fallon, Mont. 815.87 A. farm	4,554.00
	1181	George L. & Annie S. Carlton Nibbe, Montana	Yellowstone County Mont. 320 A. farm	750.00
			Total Montana	$5,304.00
N. Dakota	3764	Harry Anderson & Hilda, his wife, Willow City, N. D.	McHenry County, N.D. 160 A. farm	$1,700.00
			Total North Dakota	$1,700.00
Oklahoma	556	H. F. & A. E. Gann Milburn, Oklahoma	Johnston County Oklahoma, 80 A. farm	$1,700.00
	570	Ernest Haggard Durant, Oklahoma	Bryan County Oklahoma 112.98 A. farm	1,000.00
	659	Joseph Mosser, Route 1, Box 90, Durant, Oklahoma	Bryan County, Oklahoma 180 A. farm	1,700.00
	939	John N. & Eugenie F. Jones his wife, 510 Insurance Bldg. Oklahoma City, Okla.	Cadde County, Okla. Farm 160 A.	600.00
	1167	J. D. Nichols and Dellie his wife, R.R., Bennington, Okla.	Bryan County, Okla. Farm 110 A.	3,000.00
	1267	Edna S. & Henry Carpenter Hugoton, Kansas	Texas County, Okla. Farm 160 A.	1,196.25
	1270	J. C. Byers & E. E. Miller Guyman, Oklahoma	Texas County, Okla. Farm 320 A.	3,750.00
	1369	L. R. & Ida M. Spears Goodwell, Oklahoma	Texas County, Okla. Farm 160 A.	800.00
	1386	Roger J. C. & Mannah Woodward Elkhard, Kansas	Texas County, Okla. Farm 160 acres	1,500.00
	1453	W. J. & Edna Hughes Guyman, Oklahoma	Texas County, Okla. Farm 320 16 A.	4,000.00
	1479	W. E. & Vallaria Utterback Durant, Oklahoma	Bryan County, Okla. Farm 200 acres	5,215.50
	1485	B. G. & Nellie Brown Durant, Oklahoma	Bryan County, Okla. Farm 220.67 acres	2,500.00
	1628	J. M. Bailey Britton, Okla.	Grady County, Okla. Farm 205.23 acres	1,750.00
	1667	J. E. Friesen Hooker, Okla.	Texas County, Okla. Farm 320 acres	1,500.00
[fol. 371]		E.		
	3635	A. J. & Sabe/Strange 600 North Broadway Oklahoma City, Okla.	Kiowa County, Okla. Farm 160 acres	$3,900.00

[fol. 371]

E.

	3635	A. J. & Sabe/Strange 600 North Broadway Oklahoma City, Okla.	Kiowa County, Okla. Farm 160 acres	$3,900.00
	3643	C. E. & Pearl Wilson 1st National Bank Hooker, Oklahoma	Texas County, Okla. Farm 160 acres	2,050.00
	3644	J. C. & Florence Youngblood R. R. # 1, Mead, Okla.	Bryan County, Okla. Farm 80 acres	1,650.00
	3693	Frank & Blanch Powell & Howard T. & Johnnie Holmes, Durant, Okla.	22,224 Beach St. also 310 N. 3rd Ave. Durant, Okla. 3 residences	2,715.00
	3771	H. L. & Mamie Taylor Frederich, Okla.	Tillman County, Okla. Farm 80 acres	1,000.00
	3772	B. L. & Margaret Baskett Antlers, Oklahoma	Choctaw County, Okla. Farm 430 acres	8,000.00
	3778	O. R. & Roberta Salmon Durant, Oklahoma	Marshall County, Okla. Farm 40 acres	2,750.00
	3781	Henry Wacker, Jr. Guymon, Oklahoma	Texas County, Okla. Farm 160 acres	1,900.00
	3784	R. E. & Paul T. Rutherford Tishomingo, Oklahoma	Johnston County, Okla. Farm 160 acres	4,200.00
	3785	Charles Hill, Jr. R. R. # 2 Grandfield, Okla.	Tillman County, Okla. Farm 320 acres	9,600.00
	3794	Nettie Dowell Durant, Okla.	Bryan County, Okla. Farm 20 acres	300.00
	3799	Elmer & Maud Williams Durant, Oklahoma	Bryan County, Okla. Farm 180 acres	2,500.00
			Total Oklahoma	$70,776.75
S. Dakota	1102	Mrs. Leah P. Hoback & Garnet, her husband New Haven, Wyoming	Butte County South Dakota Farm 160 acres	118.72
			Total South Dakota	$ 118.72
Texas	1558	L. O. & Effie Maddox 3425 Avenue F Fort Worth, Texas	3425 Ave. F Fort Worth, Texas Residence	491.03
	1694	J. E. & Jessie M. Johnson Raymondsville, Texas	Willacy County, Texas Farm 40 acres	1,629.76
	1710	John & Katie Wilde Lasara, Texas	Willacy County, Texas Farm 160 acres	8,000.00
	1712	John & Katie Wilde Lasara	Willacy County, Texas Farm 160 acres	4,800.00

[fol. 372]	1713	J. E. & Jessie M. Johnson Raymondsville, Texas	Willacy County, Texas Farm 40 acres	$1,629.76
	1795	Mrs. D. H. Searcy 1735 E. 13th St. Place Tulsa, Oklahoma	Hidalgo County, Texas Farm 28 acres	1,223.86
	1806	Miss Bessie L. Moss 510 — 4th St., Orange, Texas	Willacy County, Texas Farm 40 acres	1,674.08
	1843	C. & M. Blaskowsky Box 372, Hargill, Texas	Hidalgo County, Texas Farm 30 acres	1,497.20
	1928	Laura Hardin, 2601 Kinkhead Fort Smith, Arkansas	Hidalgo County, Texas Farm 40 acres	1,788.75
	1946	B. V. & Helen Rains Raymondville, Texas	Willacy County, Texas Farm 80 acres	2,426.98
	2021	A. J. Haley Edcouch, Texas	Hidalgo County, Texas Farm 40 acres	659.02
	2448	W. F. Charbonneau 2123 Josephinetta St. Fort Worth, Texas	2123 Josephinetta St. Fort Worth, Texas Residence	746.41
	2449	E. A. & Nellie Bellis 1111 E. Houston St. Sherman, Texas	516 S. Travis St. Sherman, Texas	4,273.81
	2525	Charles F. & Maxine Clayton 2329 Mistletoe Ave. Fort Worth, Texas	2329 Mistletoe Avenue Fort Worth, Texas Residence	7,225.00
	2544	J. B. & L. D. Stallings Fort Worth, Texas	3109 Ave. G Fort Worth Apartments	1,665.09
	2557	R. J. Edwards Denton, Texas	1019 N. Elm, Denton Residence	877.63
	2644	Mrs. Nettie Herring 1414 N. Huston Ave. Fort Worth, Texas	1414 N. Huston Ave. Residence	1,794.13
	2714	J. T. & Clara Somerville 309 College Ave., Ft. Worth	614 Frey, Fort Worth Residence	1,385.84
	2744	T. P. Tracy and Anna, his wife, Holmes Bldg., Ft. Worth	2912 Ryan Ave., Fort Worth Residence	937.64
	2764	T. W. Howeth & Tolloe Howeth 1200 West Persedo Ave. Fort Worth, Texas	2214 East Terrell Fort Worth Residence	1,157.90
	2792	John H. Kerr Sherman, Texas	See description House and lot	703.03
	2796	S. A. Billingsly 508 1st Nat. Bank Bldg. Fort Worth, Texas	3601 Ada Street Fort Worth Residence	1,520.28
	2803	Troy V. Post 1101 East Belknap Ave. Fort Worth, Texas	206 North Harding & 1101 East Belknap Ave. Fort Worth; Residence	2,679.67
[fol. 373]	2842	First Christian Church Denton, Texas	604 W. Sycamore Denton; Parsonage	$ 1,678.51

[fol. 373]

2842	First Christian Church Denton, Texas	604 W. Sycamore Denton; Parsonage	$ 1,678.51
3030	Noble W. Prentice Richmond Springs, Texas	3413 — 6th St. Ft. Worth; Residence	961.65
3054	Fred Scharf & Ethel Scharf 1327 E. Myrtle St. Fort Worth, Texas	1636 S. Henderson Fort Worth; Residence	2,337.03
3068	G. C. & Samantha Watkins 1709 W. Mulberry St. Denton, Texas	1709 W. Mulberry Street Denton; Residence	915.28
3116	C. A. & Abbigail Taylor 3613 Ave. J, Ft. Worth, Tex.	3613 Ave. J. Ft. Worth; Residence	1,017.71
3169	Mrs. Ray Simon 1501 W. Pulaski St.	1501 W. Pulaski St. Fort Worthp Residence	2,845.54
3204	E. F. Taylor & V. T. Cash 1108 Pan Handle St. Denton, Texas	1108 Pan Handle St. Denton; Residence	512.59
3343	J. A. Petty, 2119 Loving Ave. Fort Worth, Texas	2118 Stanley, Fort Worth; Residence	4,091.34
3366	Mary McSween Horton & James R. 2500 Lotus St. Fort Worth, Texas	3433 Ave. G, Ft. Worth Residence & grocery	1,491.99
3372	F. M. Piercy, R.R. 1, Box 150 Fort Worth, Texas	2318 Columbus, Fort Worth; Residence	1,075.00
3387	A. F. & Willie Puckett 1021 Chandler Ave. Fort Worth, Texas	1021 & 1025 Chandler St. Fort Worth 2 Residences	810.64
3402	George D. Elkins 225 Sylvania, Ft. Worth, Tes.	225 Sylvania, Fort Worth; Residence	856.95
3559	J. C. & Virginia Gabbert 4203 Clarence Ave. Fort Worth, Texas	4204 Clarence Ave. Fort Worth Residence	951.08
3560	H. A. & Anna Lawrence 112½ W. 9th St. Ft. Worth, Tex.	4721 Dallas Pike, Fort Worth, Residence	900.00
3561	R. H & Grace Standifer 1714 Fairmount Fort Worth, Texas.	1714 Fairmount, Fort Worth; Residence	3,641.98
3563	Harry C. Bishop & Hattie E. wife, 3613 So. Adams Fort Worth, Texas	3613 So. Adams, Fort Worth; Residence	1,199.33
3565	Dennis J. & Ruth Hightower 3313 Race St., Ft. Worth, Tex.	3313 Race St., Ft. Worth; Residence	1,212.52
3566	Davidson Franklin & Effie G. Richerson, 4211 Clarence Ave. Forth Worth, Texas	4210 Clarence Ave. Ft. Worth; Residence	834.81
3623	Timothy Leo Driscoll 2300 Carlton, Fort Worth, Tex.	2321 Clinton Ave. Fort Worth; Residence	986.41

[fol. 374]

3628	Thomas A. & Lucy M. Harkins 1600 5th Ave. Ft. Worth, Texas	1600 5th Ave. Ft. Worth, Residence	$ 407.94
3636	Lillie Melugin 1000 Bedell St. Fort Worth, Texas	1000 Bedell St. Ft. Worth Residence	1,061.52
3638	J. M. Simmons & Lois Simmons 3828 W 7th St. Fort Worth, Texas	3828 W. 7th St. Fort Worth, Texas Residence	1,064.66
3639	J. C. & Eloise Welch 1108 Gembrell Fort Worth, Texas	1108 Gambrell Fort Worth Residence	840.12
3640	F. H. & Pauline Smith 1856 Highland Fort Worth, Texas	1856 Highland Fort Worth Residence	840.12
3641	W. F. & Margaret Willis 1862 Highland Fort Worth, Texas	1862 Highland Fort Worth Residence	850.81
3645	F. B. & Alice Brush 2106 Market St. Fort Worth, Texas	2106 Market St. Fort Worth Residence	983.64
3647	George P. & Katherine E. Farmer, 2614 So. Adams Fort Worth, Texas	2616 So. Adams Fort Worth Residence	3,500.00
3648	L. B. & Pauline Louise Bowen, Fort Worth, Texas	1000, 1006 Samuels St. 1009, 1015, 1101 and 1105 Greer St., Fort Worth Residences	10,632.84
3661	Leving Fraser Edcouch, Texas	Hidalgo County Farm 98.19 acres	12,273.75
3663	S. T. Brown 123 West Broadway Fort Worth, Texas	123 West Broadway Fort Worth Residence	6,179.58
2665	W. C. Sears 225 Bryan Ave. Denton, Texas	225 Bryan Ave. Denton Residence	1,772.32
3666	J. C. Dickson & Alleen his wife, 1931 E. Elmwood Fort Worth, Texas	1931 E. Elmwood Fort Worth Residence	1,195.70
3667	M. Gene Bein and Marguerite Bein, 3000 James St. Fort Worth, Texas	300 James St. Fort Worth Residence	1,041.02
3684	Louis P. Lively 1915 So. Henderson Fort Worth, Texas	1915 So. Henderson Fort Worth Residence	903.08
3685	L. W. Chelmo 1617 Worth St. Fort Worth, Texas	1617 Worth Street Fort Worth Residence	1,097.92

	3685	L. W. Chelmo 1617 Worth St. Fort Worth, Texas	1617 Worth Street Fort Worth Residence	1,097.92
[fol. 375]	3687	L. G. & Winifred Eilenberger 2400 Queen St. Fort Worth, Texas	2400 Queen St. Fort Worth Residence	$2,358.92
	3688	L. F. & Willie E. Williams 212 W. Capps St. Fort Worth, Texas	212 W. Capps St. Fort Worth Residence	1,309.17
	3690	R. L. & Madge Muckelroy, his wife, 3624 Ave. G Fort Worth, Texas	3624 Ave. G Fort Worth Residence	986.96
	3691	S. A. & Susie McDonald Denton, Texas	620 Texas St. Denton; Residence	700.00
	3692	Phil Owens and Alma Owens 1012 Hawthorne St. Fort Worth, Texas	1012 Hawthorne St. Fort Worth Residence	1,498.90
	3694	Elizabeth A. Dunaway 2205 Western Ave. Fort Worth, Texas	2205 Western Ave. Fort Worth Residence	1,033.08
	3696	J. E. and Maude B. Dickson 1243 Elmwood Ave. Fort Worth, Texas	1243 Elmwood Ave. Fort Worth Residence	1,008.40
	3697	J. C. and Paralee Bradshaw 1225 W. Oak Denton, Texas	708 N. Elm [illegible]ton Residence	1,463.54
	3717	Virgil M. & Lela May Reid 1125 N. Luckett Ave. Sherman, Texas	1125 N. Luckett Ave. Sherman Residence	1,390.19
	3718	Hugh C. Hamilton 2901 Ave. B. Fort Worth, Texas	2901 Ave. B Fort Worth Residence	1,645.00
	3720	C. C. & Willie Fae Sauls 2008 N. Elm Denton, Texas	2008 N. Elm Denton Residence	1,251.18
	3749	John H. Watts 2909 West 23rd St. Fort Worth, Texas	2909 West 3rd St. Residence Fort Worth, Texas	1,320.16
	3756	H. F. & Berneice Hunt 706 E. Pacific Street Sherman, Texas	706 E. Pacific St. Sherman Residence	1,237.46
	3757	C. E. & Hazel May Leland 809 Park St. Fort Worth, Texas	809 Park St. Fort Worth Residence	2,054.50
	3759	Robert Harrison & Mistletoe Heights Realty Co., 600 Transportation Bldg. Fort Worth, Texas	2205 & 2201 Rosedale Fort Worth 2 residences	5,700.00

[fol. 376]

	3761	J. C. & Eloise Welch 912 Hammond St. Fort Worth, Texas	912 Hammond St. Fort Worth Residence	$1,475.25
	3762	Paul A. & Inez E. Mason 3022 Timberline Drive Fort Worth, Texas	3022 Timberline Drive Fort Worth Residence	2,260.38
	3763	Charles Barrier & Leonora 2208 Mistletoe Ave. Fort Worth, Texas	2208 Mistletoe Ave. Fort Worth Residence	3,398.74
	3765	Judge Fuller & Bessie Fuller 1704 Spurgeon St. Fort Worth, Texas	1704 Spurgeon St. Fort Worth Residence	659.86
	3773	W. A. & Zelma Phillips 2602 Chestnut St. Fort Worth, Texas	2602 Chestnut St. Fort Worth Residence	1,478.56
	3774	O. E. & Ione Smith 3418 Ave. G. Fort Worth, Texas	3301 Ave. H. Fort Worth Residence	2,077.18
	3776	Joseph F. & Mary Lou Greathouse 4425 Paxton St. Fort Worth, Texas	4425 Paxton St. Fort Worth Residence	4,250.00
	3779	Minnie M. Morris 1514 13th St. Lubbock, Texas	2812 Ave. I Fort Worth Residence	2,217.83
	3786	Eugene & Myrtis Collard 3631 Ave. N Fort Worth, Texas	3631 Ave. N Fort Worth Residence	1,503.79
	3797	R. Eugene Roberts 2722 Loving Ave. Fort Worth, Texas	2722 Loving Ave. Fort Worth Residence	[illegible].10
	3798	R. J. & May Ireland 3345 May St. Fort Worth, Texas	3345 May St. Fort Worth Residence	1,289.10
	3801	Ben & Sara Schuster 829 E. Arlington St. Fort Worth, Texas	829 E. Arlington St. Fort Worth Residence	1,996.75
	3805	Clarence P. Denman 141 College Heights Bowling Green, Ky.	4833 Normant Ave. Fort Worth Residence	2,925.00
			Total Texas Loans to Regular Individuals	$175,789 24
Wyoming	3775	Lowell L. & Hasel Mahoney Alva, Wyoming	Crook County Farm 960 acres	$4,250.00
			Total Wyoming	$4,250.00

		Total Texas Loans to Regular Individuals		$175,789.24
Wyoming	3775	Lowell L. & Hazel Mahoney Alva, Wyoming	Crook County Farm 960 acres	$4,250.00
			Total Wyoming	$4,250.00

[fol. 377]

Notes Secured By Deeds Of Trust

Texas

Loan No.	Name And Address Of Holding Company	Location Of Property	Acres	Principal Amount
3650	Mestenas Company	Hidalgo County	79.18	$ 9,501.60
3651	" "	" "	272.8	32,736.00
3652	" "	" "	80.02	9,602.40
3655	" "	" "	154.33	29,866.00
3659	" "	" "	942.31	101,348.48
3660	" "	" "	100.	12,500.00
3662	" "	" "	136.42	9,146.97
3699	Delta Haven County	" "	210.93	28,786.80
3701	" " "	" "	200.	40,000.00
3702	" " "	" "	110.	11,307.74
3703	" " "	" "	291.71	34,745.16
3724	Hargill Company	" "	735.	88,200.00
3727	" "	" "	104.25	10,842.85
3728	" "	" "	519.37	55,210.96
3729	" "	" "	594.05	62,949.98
3742	Raphael Company	" "	103.7	
3743	" "	Willacy County	265.02	37,936.51
3744	" "	" "	296.10	31,108.99
3745	" "	" "	434.52	70,917.76
3748	" "	" "	920.	95,500.39
			775.17	90,402.72
		Total	7,324.88	$862,811.31

	R. E. No.	Name And Address Of Purchaser	Location Of Premises	Principal Amount
Colorado	191	Daniel Jensen and Elizabeth, his wife Fort Morgan, Colorado	Adams County farm	$7,500.00
			Total Colorado	$7,500.00
Indiana	533	George A. and Helen Foos Decatur, Indiana	Decatur, Adams County Factory & House	$4,003.66
			Total Indiana	$4,003.66
Kansas	356	Henry D. Bentrup and Milton Clear Deerfield, Kansas	Kearney County Farm	$7,600.00
			Total Kansas	$7,600.00
Michigan	195	Perry E. & May C. Hillier, his wife Clio, Michigan	Genesee County Farm	$1,900.00
	227	Burt W. Johnson Laingsburg, Michigan	Clinton, County Farm	2,320.14
	290	S. Robb Howell and DeLoris, his wife 1339 Prospect Lansing, Michigan	Eaton County Farm	3,794.08
	440	Sam Rott and Ruth his wife 2001 National Bank Bldg. Detroit, Mich.	City of Detroit Business Building 646 Hastings St.	12,328.39
	445	Arthur and Virgie M. Wartikoff 16173 Sorrento, Ave. Detroit, Michigan	16173 Sorrento Avenue Detroit, Michigan	4,546.78
	450	Hyman & Elizabeth Fiekowsky Detroit, Michigan	4626 Lakewood Ave Detroit, Michigan Residence	6,268.31
	468	Rudolph Shulman and Rosalyn, his wife 3805 Richton Detroit, Michigan	15324-6 Robson Avenue Detroit, Michigan	6,371.28
	505	Sam Leff and Esther Leff and Sam Snyder & Millie Snyder 1681-83 Lee Place Detroit, Michigan	1681-83 Lee Place Detroit, Michigan Residence	5,626.78

	505	Sam Leff and Esther Leff and Sam Snyder & Millie Snyder 1681–83 Lee Place Detroit, Michigan	1681–83 Lee Place Detroit, Michigan Residence	5,626.78
[fol. 379]	557	Edward L. and Edna H. Kew 224 West 4th Avenue Flint, Michigan	224 West 4th Avenue Flint, Michigan Residence	$3,048.07
	616	Mike Bakaian 13936 3rd Avenue Highland Park, Mich.	187 and 189 LaBelle Ave. and 13931 3rd Ave. Highland Park, Mich. Store Buildings	6,069.66
	628	Fred A. & Berneece Veale 16915 Monica Avenue Detroit, Michigan	16915 Monica Avenue Detroit, Michigan Residence	8,849.09
	650	Rose Kales 2605 Elmhurst Avenue Detroit, Michigan	108 on Hastings and 76 on Theodore Detroit, Michigan Stores and apts.	17,487.59
	667	Aram H. Yugardichian 6526 Cass Detroit, Michigan	1240 and 1242 Glynn Court, Detroit, Mich. Residence	8,522.66
	694	Francis L. & Myrna Shiels 2 Woodside Park Blvd. Pleasant Ridge Oakland County, Mich.	2 Woodside Park Blvd. Pleasant Rodge, Oakland County, Michigan Residence	5,533.91
	708	B. Flanders, M. Ox & N. Greenberg 3380 Glynn Court Detroit, Michigan	Lots Detroit, Michigan	11,806.00
	717	Edward J. Fraumann 160 Auburn Avenue Pontiac, Michigan	N. W. Cor. Parry and Ellwood, Pontiac, Mich. Residence	9,754.81
			Total Michigan	$114,227.55
Oklahoma	193	Ben Ebert and Lena R. Ebert, Bennington,	Bryan County, Okla. Farm	970.00
			Total Oklahoma	$ 970.00
			Grand Total Sales Contracts	$134,301.21

[fol. 380] (Exhibit "S".)

Order.

In the United States District Court for the Northern District of Texas, Fort Worth Division.

Dan E. Lydick, Receiver, Plaintiff,
File No. 151. vs. Civil Action.
John G. Emery and Charles R. Fischer, Defendants.

On the 15th day of May, 1940, came on to be heard the motions of the defendant Charles R. Fischer, challenging this Court's jurisdiction over his person and over certain property involved in the suit of Dan E. Lydick, plaintiff, and the counterclaim and cross action of John G. Emery, defendant, and said motions having been urged, in so far as they related to the person of the said Charles R. Fischer and in so far as they related to promissory notes, mortgages, deeds of trust, and vendor's lien notes in the possession of Charles R. Fischer, defendant, in the State of Iowa, particularly identified in the attached exhibit made a part hereof, and the Court, having heard the evidence and the argument of counsel for all parties, being of the opinion and finding that said securities are in the possession of the said Fischer in the State of Iowa, and have their situs in the State of Iowa, and are not located in the State of Texas, and that the Court has no jurisdiction as to said securities and as to the person of the defendant Charles R. Fischer,

It is ordered, adjudged, and decreed that said motions be, and the same are, hereby sustained, in so far as they [fol. 381] relate to the said securities, and in so far as they relate to the person of the defendant Charles R. Fischer, and that said suit of Dan E. Lydick, plaintiff, and counterclaim of John G. Emery, defendant, as against defendant Charles R. Fischer, and as to said securities be and the same are hereby dismissed for want of jurisdiction, to which order of the Court plaintiff Dan E. Lydick and defendant John G. Emery then and there in open court duly excepted.

JAMES A. WILSON,
Judge.

Entered May .... 1940.

[fol. 382] Loan No.	Name And Address Of Mortgagor	Date Note Given	Principal Amount
1558	L. O. and Effie Maddox, 3425 Ave. "F", Ft. Worth, Texas.	5-21-25	$ 491.03
2448	W. F. Charbonneau, 2123 Josephinetta St., Ft. Worth, Texas.	2-22-28	746.41
2449	E. A. & Nellie Bellis, 1111 E. Houston St. Sherman, Texas. Premises: 516 S. Travis St., Sherman	2-21-28	4,273.81
2525	Chas. F. and Maxine Clayton, 2329 Mistletoe Avenue Ft. Worth, Texas	5-23-28	7,225 00
2544	J. B. & L. D. Stallings, 3109 Ave. "G", Ft. Worth, Texas.	6-19-28	1,665.09
2557	R. J. Edwards, 1019 N. Elm Street Denton, Texas.	7-5-28	877 63
2644	Mrs. Nettie Herring, 1414 W. Houston Ave. Ft. Worth, Texas.	10-19-28	1,794.13
2714	J. T. Somerville 309 College Ave. Ft. Worth, Texas. Premises: 614 Frey Ave., Ft. Worth, Texas.	1-8-29	1,385 84
2744	F. P. Tracy Holmes Bldg. Ft. Worth, Texas. Premises: 2912 Ryan Ave. Ft. Worth, Texas.	2-15-29	937.64
2764	T. W. Howeth 1200 W. Persedo Ave. Premises: 2214 E. Terrell Ft. Worth, Texas.	2-27-29	1,157 90
2792	John H. Kerr 926 W. Washington St. Sherman, Texas.	3-25-29	703 03

2796	S. A. Billingsly, 508 First Nat. Bank Bldg. Fort Worth, Texas. Premises: 3601 Ada St., Ft. Worth, Texas.	4-1-29	1,520.28
2803	Troy V. Post, 1101 E. Belknap Ave. Ft. Worth, Texas.	4-9-29	2,679.67
[fol. 383]			
2842	First Christian Church C. C. Yancey, F. P. Pierce, and W. M. Bronlow, Trustees, Denton, Texas.	1-10-35	$ 1,678.51
3030	Noble W. Prentice, Richmond Springs, Texas. Premises: 3414 Sixth St., Ft. Worth, Texas.	1-8-30	961.65
3054	Fred & Ethel Scharf 1327 E. Myrtle St. Ft. Worth, Texas. Premises: 1636 S. Henderson Ft. Worth, Texas.	2-18-30	2,337.03
3068	G. C. and Samantha Watkins 1709 W. Mulberry St. Denton, Texas.	3-15-30	915.28
3116	C. A. & Abbigail Taylor 3613 Avenue "J", Ft. Worth, Texas.	4-30-30	1,017.71
3304	V. T. Cash 1909 9th Ave. Wichita Falls Premises: 1108 Panhandle St. Denton	8-14-30	512.59
3343	J. A. Petty 2119 Loving Ave. Ft. Worth, Texas. Premises: 2118 Stanley Ave. Ft. Worth, Texas	1-13-31	4,091.34
3366	Mary McSween and James R. Horton 2500 Lotus St. Ft. Worth, Texas. Premises: 3433 Ave. "J", Ft. Worth, Texas.	2-6-31	1,491.99
3372	F. M. Piercy Route 1, Box 150 Ft. Worth, Texas. Premises: 2318 Columbus Ft. Worth.	2-10-31	1,075.00

3387	A. F. Puckett 1021 Chandler Ave. Ft. Worth, Texas. Premises: 1021-1025 Chandler Ave. Ft. Worth, Texas.	2-27-31	810.64
3169	Mrs. Ray Simon 1501 W. Pulaski St. Ft. Worth, Texas.	12-31-35	2,845.54
3402	George D. Elkins 225 Sylvania Ft. Worth, Texas.	3-21-31	856.94
[fol. 384]			
3559	J. C. and Virginia Gabbert 4203 Clarence Ave., Ft. Worth, Texas.	9-29-33	$ 951.08
3561	R. H. & Grace Standifer 1714 Fairmount Ave. Ft. Worth, Texas.	10-4-33	3,641.98
3563	Harry C. and Hattie E. [illegible]hop 3613 S. Adams Ft. Worth, Texas	1-12-34	1,199.33
3565	Dennis J. and Ruth Hightower 3313 Race St. Ft. Worth, Texas	6-23-34	1,212.52
3566	David F. and Geneva Richerson 4211 Clarence Ave. Ft. Worth, Texas.	7-9-34	834.81
3623	Timothy Leo Driscoll 2300 Carlton Ft. Worth Premises: 2321 Clinton Ave. Ft. Worth	4-19-35	986.41
3628	Thos. A. & Lucy M. Harkins 1600 5th Ave. Ft. Worth, Texas	7-19-35	407.94
3636	Lillie Melugin 1000 Bedell St. Ft. Worth, Texas	11-16-35	1,061.52
3638	J. N. & Lois Simmons 3628 W. Seventh St. Ft. Worth, Texas.	11-22-35	1,064.66
3639	J. C. & Eloise Welch 1106 Gambrell St. Ft. Worth, Texas.	12-9-35	840.12

3640	F. H. & Pauline Smith 1656 Highland Ft. Worth, Texas.	1-9-36	840.12
3641	W. F. & Margaret Willis 1862 Highland Ave. Ft. Worth, Texas	1-9-36	850.81
3645	E. F. & Alice Bursh 2106 Market St. Ft. Worth, Texas	3-27-36	983.64
3647	Geo. P. & Katherine Farmer 2614 S. Adams Ft. Worth, Texas. Premises: 2616 S. Adams Ft. Worth.	4-13-36	3,500.00
[fol. 385]			
3648	L. B. & Pauline Bowen, Fort Worth, Texas. Premises: #1000,1006 Samuels St. and #1009, #1015, #1101 and #1105 Greer St., Ft. Worth, Texas	4-7-36	$ 10,632.84
3663	S. T. & Haley Brown 123 W. Broadway Ft. Worth, Texas	4-30-36	6,179.58
3665	W. C. Sears 225 Bryan Ave., Denton, Texas	5-19-36	1,772.32
3666	J. C. & Aileen Dickson 1031 E. Elmwood Ft. Worth	5-27-36	1,195.70
3667	M. Gene & Marguerite Bain 3000 James St. Ft. Worth, Texas	6-17-36	1,041.02
3684	Louis P. Lively 1915 S. Henderson Ft. Worth, Texas	6-23-36	903.08
3685	L. W. & Eva Chelmo 1617 Worth St. Ft. Worth, Texas	6-12-36	1,097.92
3687	L. G. & Winifred Eilenberger 2400 Queen St. Ft. Worth, Texas	7-9-36	2,358.92
3688	Louie F. & Willie R. Williams 212 W. Capps St., Ft. Worth, Texas	7-1-36	1,309.17

3690	R. L. & Madge Muckelroy 3624 Avenue "G" Ft. Worth, Texas	7-23-36	986.96
3691	L. A. & Susie McDonald Denton, Texas Premises: 620 Texas St. Denton, Texas.	8-4-36	700.00
3692	Phil & Alma Owens 1012 Hawthorne St. Ft. Worth, Texas	7-9-36	1,498.90
3694	J. H. Dunaway 2205 Western Ave. Ft. Worth, Texas	8-20-36	1,033.08
3696	J. E. & Maude R. Dickson 1243 Elmwood Ave. Ft. Worth, Texas	8-29-36	1,008.40
3697	J. C. & Paralee Bradshaw 1225 W. Oak, Denton, Texas Premises: 708 N. Elm St. Denton, Texas.	8-14-36	1,463.54
[fol. 386]			
3717	Virgil N. & Lela M. Reid 1125 N. Luckett Ave. Sherman, Texas.	9-8-36	$ 1,390.19
3718	Hugh C. Hamilton 2901 Avenue "B" Ft. Worth, Texas.	9-10-36	1,645.00
3720	C. C. & Willie F. Sauk 2008 North Elm St. Denton, Texas.	9-25-36	1,251.18
3749	John H. Watts 2909 W. 23rd St. Ft. Worth, Texas	10-19-36	1,320.16
3756	H. F. & Berniece Hunt 706 E. Pacific St. Sherman, Texas	11-24-36	1,237.46
3757	C. E. & Hazel M. Leland 609 Park Avenue Ft. Worth, Texas	11-25-36	2,054.50
3759	Robert Harrison and Mistletoe Heights Realty Co. 600 Transportation Bldg. Fort Worth, Texas. Premises: 2201-2205 Rosedale Ave. Ft. Worth, Texas.	10-1-36	5,700.00

3761	J. C. & Eloise Welch 912 Hammond St. Ft. Worth, Texas	2-24-37	1,475.25
3762	Paul A. & Inez E. Mason 3022 Timberline Drive Ft. Worth, Texas	2-12-37	2,260.38
3763	Charles & Leonora Barrier 2208 Mistletoe Ave. Fort Worth, Texas	3-1-37	3,398.74
3765	Judge & Bessie Fuller 1704 Spurgeon St. Ft. Worth, Texas.	3-19-37	659.80
3773	W. W. & Zelma Phillips 2602 Chestnut St. Ft. Worth, Texas	4-15-37	1,478.56
3774	C. E. & Leona Smith 3418 Avenue "G" Fort Worth, Texas Premises: 3301 Ave. "H", Ft. Worth, Texas	5-8-37	2,077.18
3776	Joseph F. & Mary L. Greathouse 4425 Paxton St. Ft. Worth, Texas Premises: 4425 Normandy Road Fort Worth, Texas	6-1-37	4,250.00
[fol. 387]			
3779	Iayle Glenn Abbott Fugua Box 179, Higgins, Texas Premises: 2812 Ave. "I" Ft. Worth, Texas	6-12-37	$ 2,217.83
3786	Eugene & Myrtle Collard 3631 Ave. "N" Ft. Worth, Texas	7-16-37	1,503.79
3797	R. Eugene Roberts 2722 Loving Ave. Ft. Worth, Texas	8-17-37	1,547.10
3798	R. J. & May Ireland 3345 May St. Ft. Worth, Texas	8-31-37	1,289.10
3801	Ben & Sara Schuster 829 E. Arlington St. Ft. Worth, Texas.	8-28-37	1,996.75

3805	Clarence P. Denman Box 141, College Heights Bowling Breen, Texas. Premises: 4831, 4833 Norma Ave. Ft. Worth, Texas.	9-22-37	2,925.00
1694	J. E. & Jessie M. Johnson Raymondville, Texas Premises: 40 acre farm Willacy Co. Texas.	10-20-25	1,629.76
1710	John & Katie Wilde Lasara, Texas. Premises 160 acre farm Willacy Co., Texas.	11-11-25	8,000.00
1712	John & Katie Wilde Lasara, Texas Premises. 160 acre farm Willacy Co., Texas	12-3-25	4,800.00
1713	J. E. & Jessie M. Johnson Raymondville, Texas. Premises: 40 acre farm Willacy Co.	12-1-25	1,629.76
1795	O. H. & Etta N. Searcy 1735 E. 13th St. Place Tulsa Oklahoma Premises: 28 acre farm, Willacy Co., Texas.	12-16-25	1,223.86
1806	Miss Bessie L. Moss 510 Fourth St. Orange, Texas Premises: 40 acre farm Willacy Co., Texas.	12-1-25	1,674.08
1843	C. & M. Blaskowsky Box 372, Hargill, Texas. Premises: 30 acre farm Hidalgo Co.	12-1-25	1,497.20
[fol. 388]			
1928	M. E. Miller and Laura Hardin 2601 Kinkead Ft. Smith, Arkansas. Premises: 40 acre farm Hidalgo Co., Texas.	6-8-26	1,788.75
1946	B. V. & Helen Rains c/o W. A. Harding Raymondville, Texas Premises, 80 acre farm Willacy Co., Texas.	8-28-26	2,426.98

2021	A. I. Haley R. F. D. #1 Edcouch, Texas Premises: 40 acre farm Hidalgo Co., Texas.	2-23-26	659.02
3661	Leving Fraser & Lela Fraser R. F. D. Edcouch, Texas. Premises: 98.19 acre farm Hidalgo Co., Texas.	4-24-36	12,273.75
3650	Mestenas Company Edcouch, Texas Premises: 79.18 A. farm Hidalgo County, Texas	3-25-36	9,501.60
3651	Mestenas Company Edcouch, Texas Premises: 272.8 A. farm, Hidalgo County, Texas	3-25-36	32,736.00
3652	Mestenas Company Edcouch, Texas Premises: 80.02 A. farm Hidalgo Co.	3-25-36	9,602.40
3655	Mestenas Company Edcouch, Texas. Premises: 154.33 A. farm, Hidalgo Co., Texas.	4-24-36	29,866.00
3659	Mestenas Company Edcouch, Texas. Premises: 942.31 A. tract Hidalgo Co., Texas.	4-24-36	101,348 48
3660	Mestenas Company Edcouch, Texas Premises: 100 A. farm Hidalgo Co., Texas.	4-24-36	12,500.00
3662	Mestenas Company Edcouch, Texas. Premises: 136.42 A. farm Hidalgo Co., Texas.	4-9-36	9,146.97
3699	Delta Haven Company Edcouch, Texas. Premises: 210.93 A. tract, Hidalgo Co., Texas.	8-20-36	28,786.80
[fol. 389]			
3701	Delta Haven Company Edcouch, Texas Premises: 200 A. tract Hidalgo Co., Texas	8-20-36	$ 40,000.00

3702	Delta Haven Company Edcouch, Texas. Premises: 110 A. tract Hidalgo Co., Texas	8-20-36	11,507.74
3703	Delta Haven Company Edcouch, Texas. Premises: 291.71 A. tract Hidalgo Co., Texas.	8-20-36	34,745.16
3724	Hargill Company Edcouch, Texas Premises: 735 A. tract Hidalgo Co., Texas.	10-15-36	88,200.00
3727	Hargill Company Edcouch, Texas. Premises: 104.25 A. tract Hidalgo Co., Texas.	10-15-36	10,842.85
3728	Hargill Company Edcouch, Texas Premises: 519.37 A. tract Hidalgo Co., Texas.	10-15-36	55,210.96
3729	Hargill Company Edcouch, Texas Premises 594.05 A. tract Hidalgo Co., Texas.	10-15-36	62,949.98
3742	Raphael Company Edcouch, Texas. Premises: 368.72 A. tract, Willacy Co., Texas.	10-15-36	37,936.51
3743	Raphael Company Edcouch, Texas. Premises: 296.10 A. tract Willacy Co., Texas.	10-15-36	31,108.99
3744	Raphael Company Edcouch, Texas. Premises: 425.42 A. tract. Willacy Co., Texas.	10-15-36	70,917.76
3745	Raphael Company Edcouch, Texas. Premises: 920 A. tract, Willacy Co., Texas.	10-15-36	95,500.39
3748	Raphael Company Edcouch, Texas. Premises: 775.17 A. tract Willacy Co., Texas.	10-15-36	90,402.72

[fol. 390] (Exhibit T.)

State of Michigan

The Circuit Court for the County of Ingham
In Chancery.

John G. Emery, Commissioner of Insurance of the State of Michigan, Plaintiff,
No. 19256. vs.
American Life Insurance Company, a Michigan Insurance Corporation, Defendant.

At a session of said Court held on the 9th day of May, A. D. 1940, in the City of Lansing, Ingham County, Michigan.

Present: Hon. Leland W. Carr, Circuit Judge.

The petition of John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company, having come on to be heard, praying for a hearing to be set upon the claims of all those insureds set forth in said petition and the claims of all others growing out of insurance policies, and those general claims filed since the hearing upon general claims held by this Court, and for direction as to the treatment to be given to the claimants listed in said petition, and for direction as to the treatment and the rights of the insureds whose policies originated in the American Life Insurance Company of Des Moines, Iowa, and praying that petitioner be permitted to submit proofs in reference to the reinsurance agreements of August 24, 1921, December 27, 1922 and October 24, 1923 and the deposit maintained with the Insurance Commissioner of the State of Iowa pursuant to said agreements, for the purpose of determining the rights of all insureds having policies on April 12, 1938, originating in the American Life Insurance Company of Des Moines, Iowa, and that this Court make an adjudication thereof, and praying that petitioner be directed to whom notice should be given of the time of the hearing therein prayed for, and the Court being fully advised in the premises,

It Is Hereby Ordered that a hearing on all claims of dissenting policyholders, on claims growing out of insurance contracts, either by the insured or their assignees, or those

holding checks issued pursuant to policy contracts, shall be held on June 25, 1940.

It Is Further Ordered that the receiver shall present to the Court on said date of hearing any general claims filed subsequent to the last hearing thereon for such consideration and treatment as the Court may give to them.

It Is Further Ordered that proofs will be received at said hearing on the rights of insureds whose policies originated with the American Life Insurance Company of Des Moines, Iowa, and the rights of said policyholders to preferential treatment, if any, that they may be entitled to shall be determined from the proofs so offered.

It Is Further Ordered that a copy of this order shall be served upon all policyholders listed in Exhibits B and D by the Deputy Permanent Liquidating Receiver of the American Life Insurance Company by mail in an envelope, first class postage prepaid, addressed with the name and [fol. 391] address of each of the persons aforesaid last shown upon the records of the American Life Insurance Company, within 10 days from the date of this order.

It Is Further Ordered that a copy of the petition and a copy of this order shall be served within 10 days from the date of this order upon Charles R. Fischer, Commissioner of Insurance of the State of Iowa and receiver of the American Life Insurance Company in the State of Iowa, by registered mail, and by inserting in an envelope, first class postage prepaid, addressed to the name and official address of said Charles R. Fischer.

It Is Further Ordered that all insureds claiming preferential treatment or those representing said insureds shall appear before this Court on the aforesaid date to show what authority or reason, if any, they may have to preferential treatment, either in the payment of claims filed by them or under the provisions of the reinsurance contract entered into with the American United Life Insurance Company of Indianapolis, Indiana.

LELAND W. CARR,
Circuit Judge.

Countersigned:

IRENE M. FERRIS,
Deputy County Clerk.

[fol. 392] Exhibit U.

Application.

In the District Court of Iowa, in and for Polk County.

Document #170.

State of Iowa ex rel, Fred D. Everett, Attorney General, Plaintiff,
No. 53870-98. vs. Equity.
American Life Insurance Company, Defendant.

Comes now Charles R. Fischer, Commissioner of Insurance of the State of Iowa, the duly appointed and acting Receiver for the American Life Insurance Company, and respectfully states to the Court:

That the Michigan Receiver has entered into a written agreement with the American United Life Insurance Company of Indianapolis, Indiana, approved by the Michigan Circuit Court of Ingham County, purporting to reinsure the business of the American Life Insurance Company, and in connection therewith said Company has issued a certificate of assumption of all the policies of the American Life Insurance Company of Detroit, Michigan, including the policies known as the "Des Moines Company business" covered by the securities on deposit and in the possession of your Receiver, and is collecting the premiums on these policies. The Company is also claiming and asserting the right, title and possession to all of the deposited securities and property in the possession of your Receiver and is collecting and retaining the income from a part of said assets.

Your Receiver further states that John G. Emery, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, in the Circuit Court of In- [fol. 393] gham County, Michigan, is claiming and asserting the right, title and possession of all of the securities and property in the possession of your Receiver and is collecting and retaining the income from a part of said assets.

Your Receiver further states that Dan E. Lydick, Receiver of the American Life Insurance Company, in the District Court of Tarrant County, Texas, is claiming the right, title and possession of certain of the securities in

the possession of your Receiver and is collecting and retaining the income from a part of said assets.

Your Receiver is advised and believes that he has title and the right to administer the securities and property in his possession for the benefit of the policyholders known as the "Des Moines Company business" and that the claims of each and all of the parties named are unfounded.

Your Receiver states that his attorneys have advised him that either this Court or the United States District Court for the Southern District of Iowa has jurisdiction of the parties and subject matter of the controversy relating to the right, title and possession of the securities and property in the possession of your Receiver and the right to administer same, and his attorneys have recommended, in order to expedite the determination of the questions involved, that suit be brought in the United States District Court for the Southern District of Iowa, against the parties and property to determine the rights and interests of the claimants.

Your Receiver believes that such a suit would expedite a decision of the questions involved and respectfully asks that he be authorized to begin and prosecute a suit in his official capacity, and that his attorneys be authorized to [fol. 394] begin and prosecute such a suit for him in the United States District Court for the Southern District of Iowa, and the appellate Courts, to the end that the questions may be finally adjudicated.

Wherefore, your Receiver prays that a proper order be entered in the premises.

CHAS. R. FISCHER,
Commissioner of Insurance of the State of Iowa as Receiver for American Life Insurance Company.

State of Iowa,
County of Polk—ss.:

I, Charles R. Fischer, state that I am the duly appointed, qualified and acting Receiver in the above entitled proceeding; that I have read the statements contained in the foregoing application and that the facts stated therein are true and correct, as I verily believe.

CHAS. R. FISCHER.

Subscribed and sworn to before me this 20 day of December, 1939.

(Seal) BERNETTA BUMAN,
Notary Public in and for Polk County, Iowa.

[fol. 395] (Part of Exhibit U.)

Order.

In the District Court of Iowa, in and for Polk County.

State of Iowa, ex rel Fred D. Everett, Attorney General, Plaintiff,
No. 53870-98. vs. Equity.
American Life Insurance Company, Defendant.

Document #170-a.

Now, to-wit, on this 21st day of December, 1939, the application of Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, for an order authorizing and directing him and his attorneys to begin a suit in the United States District Court for the Southern District of Iowa against the American United Life Insurance Company of Indianapolis, Indiana, John G. Emery as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Texas Receiver of the American Life Insurance Company, and the securities and assets to which said parties are making adverse claims, all as described in Document No. 170, comes on for hearing and the Court being fully advised in the premises, finds that the application should be granted.

It Is Therefore Ordered And Decreed, that Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, and his attorneys, be and they are authorized and directed to institute suit in the United States District Court for the Southern District of Iowa, and to prosecute such suit in [fol. 396] said Court and such Appellate Courts as may be necessary to the end that the questions involving the right, title and possession of the deposited securities and prop-

erty in the possession of Charles R. Fischer, Receiver, as between the various parties, claimants thereto, may be finally adjudicated.

JOHN J. HALLORAN,
Judge of the 9th Judicial District.

[fol. 397] The Court: All right, you may make a statement.

Mr. Jennings: This order setting the hearing of June 25th in the Ingham County Circuit Court, whereby all policyholders, particularly the Des Moines group, shows just what right they have to preference over other policyholders, and the order calls for the taking of testimony so that the court may advise the Michigan receiver as to the treatment to be given the policyholder in the reinsurance contract, bringing directly into issue the effect of the deposits in Iowa upon the policyholders of the company, particularly as to their claim of preference by the Des Moines group. No, it is not a rem proceeding in the domicile of the administrator, but the Des Moines group have submitted themselves to the jurisdiction of Ingham County Cir-
[fol. 398] cuit Court. This suit was instituted not in the state in which the cestui que trust is located, and we have got to the point where we have to come to court, and eighty-one of them here in the Des Moines group saying that we must measure by appropriate proceedings the percentage that they will get on their claim, and also at this point we are asking the court what treatment shall be given to the policyholder who does not, if the Des Moines group are entitled to preference, that will have to be determined, and then the court shall determine that question, and that hearing is set for the 25th day of this month, and it is our theory that only the court of the domicile of the representative can determine the treatment to be given the policyholder.

The Court: Quite a lot of law written about that.

Donald Harlow was called as a witness on the part of the plaintiff and being first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. O'Brien:

I am assistant receiver in Iowa for the American United Life Insurance Company. I maintain my office at the office of the State Insurance Commissioner. I have been connected with the Insurance Department of the State of Iowa for a number of years. Beginning in 1920 for about a year in the capacity of examiner; 1921-1931 as first deputy commissioner. Since May 1, 1939 until the present time as assistant receiver of the American Life.

Q. Mr. Harlow, I will hand you Iowa Life Insurance Company's Volume I of Iowa 1920, and ask you to point out in that volume where the report and financial statement of the American Life Insurance Company of Des Moines, Iowa, is located.

[fol. 399] A. It is indexed as Annual Statement No. 1, in the bound volume. This bound volume is one of the original permanent records in the office of the Insurance Commissioner of the State of Iowa.

Mr. O'Brien: From Volume I of the record of the Iowa Life Insurance Department, year 1920, the annual statement for the year under December 31, 1920, of the conditions and affairs of the American Life Insurance Company organized under the laws of the State of Iowa, made to the Commissioner of Insurance, State of Iowa, pursuant to laws, as detailed on the first page of Exhibit B, being page 1 of this volume referred to, the plaintiff offers and introduces in evidence pages 4 and 5.

Showing the assets and liabilities of the American Life Insurance Company of Des Moines as shown by said statement included in Exhibit B.

Mr. Jennings: I object to the reception of this exhibit in the testimony for the reason that it is in the nature of hearsay testimony, the persons making this report do not appear for any of the defendants to cross-examine and for the further reason that it is incompetent, irrelevant and immaterial to any issues that have been joined in this cause on the pleadings.

The Court: Well, we will take it subject to the objection.

Q. For the information of the court, Mr. Harlow, will you read the total assets and liabilities of the Des Moines Company as shown by the exhibit I just referred to?

A. The admitted assets as disclosed by the statement [fol. 400] previously referred to is $3,226,897.40. Liabilities, $2,995,029.85. Capital stock liabilities $200,875. Surplus or unassigned funds, $30,992.55.

Q. Mr. Harlow, in connection with the operation of the Iowa receivership, will you state what the fact is as to whether or not you have any employment with the Iowa Insurance Commissioner's office as such?

A. I did not. As assistant receiver I do keep a complete set of records of the business of the Iowa receivership.

Cross-Examination.

By Mr. Jennings:

Q. Exhibit B is a report made by the Insurance Department of Iowa by the American Insurance Company of Des Moines, Iowa and that report is made as to securities upon the face value rather than upon any appraised valued?

A. I presume so in arriving at the solvency of the company as shown by that report of securities it appears it was accepted at face value. Prior to my present employment I was in the Insurance Department of the State of Iowa, but not so employed on April 12, 1938. I was employed by the Insurance Department of the State of Iowa prior to my present employment. June 30, 1931 from that time up to my present employment I had no connection with the Insurance Department. As an assistant to the receiver I do not deal with any policyholder or citizens of the State of Iowa who do not belong to the so-called Des Moines group. I had no dealings with them other than possibly correspondence.

Q. In your receivership do you pretend to protect their rights in any manner?

[fol. 401] A. Well, I think not. I know that there is a considerable block of insurance business among the citizens of the State of Iowa whose policies are not originally with the American Life Insurance Company of Des Moines, Iowa, I understand.

CHARLES R. FISCHER, called as a witness on behalf of the plaintiff, and being first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. O'Brien:

I am Insurance Commissioner of Iowa. I qualified in that position February 9, 1939. As of that date I was appointed receiver for the American Life Insurance Company of Detroit. I was appointed immediately upon becoming Commissioner. Since that time I have acted in the capacity of receiver. I have been acting as receiver. I have acquainted myself with the situation regarding the Des Moines Company business and the litigation that has been taken up in various states regarding it.

Q. And have you read and are you familiar with the reinsurance agreement entered into by the Michigan liquidating officer of the American United Life Insurance Company of Indianapolis, Indiana?

A. Well, I think you would be a little charitable to call it a reinsurance agreement. I am familiar with the term.

Mr. Jennings: I object to the response of the witness and ask that it be stricken from the record.

The Court: Why?

Mr. Jennings: He is attempting to put his own personal conclusion before the court.

Mr. O'Brien: That is what we are after right now.

The Court: Well, he just simply said he didn't want to go along with the reinsurance, that is all.

[fol. 402] Overruled. (Defendant excepts)

Q. Now in connection with the agreement that was entered into between the American Life Insurance Company, American United Life Insurance Company and the Michigan liquidating officer, what is the fact, Mr. Fischer, as to whether or not either as receiver or as Insurance Commissioner of the State of Iowa you have approved that agreement? A. I have not.

Mr. Jennings: I object to that as immaterial, a matter for the policyholders, and they have with exceptions given, accepted the agreement in Ingham County court, the domiciliary residence of the receiver.

The Court: Overruled at this time. (Defendants except)

Q. Would you approve this agreement, Mr. Fischer, as Insurance Commissioner or as receiver?

Mr. Jennings: Same objection.

A. No, sir.

The Court: Well, now, are you talking about the transfer from the Detroit Company to the United?

Mr. O'Brien: American United, yes.

The Court: I thought you were. What difference does it make whether he had anything to do with it—well, go ahead.

Q. Why, Mr. Fischer, would you not approve, or do you not approve that contract, will you state your reasons to the court?

Mr. Jennings: May all of this testimony be taken subject to my objection?

The Court: Yes, I understand so.

[fol. 403] Mr. Jahr: May it be understood that any objections taken by Mr. Jennings on behalf of the receiver is also joined in by the American United Life Insurance Company, one of the defendants?

The Court: Well, you better get it in the record. It is all right with me, but somebody else may get a crack at this and they might take a different view, but that of course is all right, it is agreed by counsel that objections by any counsel for any of the defendants shall be accepted as objections for all of the defendants.

Mr. Jahr: I am confining that to counsel for the Michigan Receiver.

Mr. Godfrey: So far as the Texas receiver is concerned I will make objections that he thinks is pertinent, so far as he is concerned at the time.

The Court: If it affects you adversely you will make your own objections?

Mr. Godfrey: Yes.

The Court: And it is the objection then made by either the Michigan Receiver or the American United Life Insurance Company that are to be considered as applying to both of those defendants, is that it?

Mr. Jennings: That's right, Your Honor.

Mr. Jahr: Correct.

A. There are several reasons, I don't know which to place first. The first is that I do not consider the American United Life Insurance Company a sound Company, and I would not want our Des Moines business reinsured in that company. We haven't admitted them as yet in this state, this year. Second is that I think it gives the 75 per cent lien, initial lien, placed upon the policies and the Des [fol. 404] Moines business is not entitled to any such a lien. Third, it is a management contract with the 4 per cent interest which I don't think is fair to the Des Moines policyholders running for fifteen years. The experience of the Iowa Department has been that this—that that sort of contract does not work out to the advantage of the policyholders. Those are my main reasons at the present time. There are many other minor reasons in connection with the contract, assumption agreement, it would take a reading of the entire agreement to express them.

Mr. Jahr: The defendant Ameircan Life Insurance Company asks that the witness' answer be stricken on the ground that it is incompetent, irrelevant and immaterial.

The Court: Well, we will let it stand at the present time. (Defendants except)

Q. Mr. Fischer, what is the fact as to whether or not if the business originated in the Des Moines Company is segregated and permitted to be reinsured or liquidated separately from the other business of the American Life Insurance Company of Detroit, as to whether or not you as Insurance Commissioner are of the opinion that a more favorable reinsurance contract can be obtained for them?

Mr. Jennings: Object to that as being entirely speculative.

The Court: Well, we will take it subject to the objection. (Defendants except)

A. Why I don't think we would be here today unless we knew that the Iowa deposit was sufficient to give the Des Moines business a more favorable position. I mean the Des Moines business. Business originated by the Des Moines Company is what I mean, as distinguished from [fol. 405] the Michigan Company and as distinguished from other policyholders that may reside in Iowa that were written by the American Life Insurance Company of Detroit. In that connection I have been interrogated by domestic companies in Iowa, Looking to a reinsurance of that part of the business which originated with the Des Moines Company. As a matter of fact it would be very easy to insure the Des Moines business without our deposit with a very small lien, possibly none.

Q. In no event, it would not require a 75 per cent initial lien at 4 per cent under a management contract, would it, Mr. Fischer?

A. I would not agree to any such a contract, I would rather liquidate the company than to reinsure it that way.

Q. And by liquidating the company you can liquidate the assets and pay off the policyholders if the business originated in your Des Moines Company?

A. Yes, sir.

Cross-Examination.

By Mr. Jennings:

Q. What consideration have you given to the citizens of Iowa who are not among the Des Moines group of policyholders in this company?

A. We give them the same consideration as you perhaps do in Michigan.

Q. What have you done either by way of your office as Insurance Commissioner or as receiver in Iowa of this company to protect the rights of those Iowa citizens who are not in the Des Moines group?

[fol. 406] A. We have no receivership that applies to them.

Q. So you claim to represent only this Des Moines group of policyholders in your receivership? A. That is right.

Q. And you pretend or claim to represent them even though they are not citizens of the State of Iowa?

A. I pretend to represent the original policyholders.

Q. I suppose in Iowa there is a tax upon the premiums collected from citizens in the State of Iowa of the various insurance companies, by the various insurance companies?

A. Yes, sir.

Q. So that you have available in your records the amount of insurance in force in the American Life Insurance Company according to its last report in the State of Iowa?

A. Yes, sir. At the time this reinsurance agreement was entered into, the American United Life Insurance Company was a recognized company in this State? The question on admission of this company and other companies is being considered by my department for the ensuing year. Most of them they are licensed all but a few.

Q. Now in the reading of this reinsurance agreement, do you understand that this 75 per cent lien was a tentative lien and an initial lien was to be determined as of December 31, 1940, based on the assets? A. Yes.

Q. So as a matter of fact the 75 per cent lien as it appears in the contract does not mean much of anything, does it? A. Except as a yard stick to go by.

[fol. 407] Q. Could it mean anything in view of the fact that the first lien is to be on the appraisal as of December 31, 1940?

A. I think it could because most of your assets were appraised before you obtained receivership.

Q. No, they were not appraised at all after the contract was entered into.

A. No, but most of them have been appraised since you went into receivership.

Q. Since November 19, 1939?

A. Yes, there would not be a great deal of it at that time.

Q. So that your testimony is based to a large extent upon a lack of knowledge of the true situation, isn't it?

A. No, I don't think so.

Q. Is the Central Life Insurance Company of Des Moines, Iowa, one of those that you have had some conversation with about this matter?

A. Oh, I talked to them a little about it.

Q. To the point where there has been discussion of the amount of lien that you would place? A. No, sir.

Q. Would you permit them to take this business separately? A. Yes, sir.

Q. Would you permit them to re-write the business?

A. Yes, sir.

Q. Now you refused to permit this company to enter into a contract for reinsurance of all the business unless they had the privilege of rewriting it, did you not?

A. Yes.

Q. And you would give consideration to allowing this company to take this particular group of business although you would not let it enter into a contract for all the business? A. Yes, sir.

[fol. 408] Q. Don't you think that that company was sound enough to handle this reinsurance contract?

A. The assets of the Iowa business, the deposits, the assets in the deposit of the Iowa business in my opinion was far superior to the remaining assets that I think it might be good business to reinsure this small amount, but to take in all of the assets of the company, I don't think it would be wise for any Iowa company share with share on a premium basis in order to pay on that business, and I discouraged them.

Q. Do you know the average age of the policyholders of this remaining group is sixty years?

A. Yes, I know it and so do they.

Q. And that the deaths will exceed the mortality tables from now on? A. Yes, sir.

Q. And that the premium income went to maybe about one-third of the death losses at the present time? A. Yes.

Q. And that over the period of expectancy of these policyholders, that undoubtedly the deposits and the premium income would be far inadequate to meet the death losses as they occurred?

A. I think that the deposit is sufficient.

Q. Based on face value?

A. I didn't say that. To take care of the initial contract, basing it on a 25 per cent lien.

Q. And that 25 per cent of course is determined without appraisal of the assets in that department.

A. We know pretty much what the deposit is worth I think.

[fol. 409] Q. How much value are you putting on the eight hundred some thousand dollars of mortgages in the Rio Grande Valley?

A. We have reduced that materially, more than half.

Q. You believe that it would serve the interests of the policyholder of any company to liquidate the business and pay them off in money than to enter into a reinsurance contract?

A. A company besides the Central is perfectly able to take a small amount of business if they wanted to do that. I think it would be better in our instance than to have a 75 per cent lien in a fifteen year management contract.

Q. You are assuming that the appraisal of the assets of the company will determine that the first lien is 75 per cent?

A. Well, it will be around that in my opinion.

Q. And so your answer is based upon that?

A. Yes, sir.

Q. By management contract you mean of course that this reinsuring company over a period of years through its personnel take care of the liquidation of the assets?

A. Yes.

Q. And of course you realize that the court would appoint a trustee to assist in that liquidation? A. Yes.

Q. Now do you have other companies under liquidation here in the State of Iowa where the assets are being liquidated by trustees? A. Yes, sir.

Q. Don't you think that it is better for an insurance company spreading over the whole United States with properties in every state in which the American Life has had property, to use the experience of that management in the liquidation, together with the man appointed by the court to assist?

[fol. 410] A. Depends somewhat on the management and what company it is reinsured in.

Q. So that then you object to the management of the company involved in this case rather than the nature of the contract? A. I object to both.

Redirect Examination.

[My] Mr. O'Brien:

Q. Mr. Fischer, when the question of the solvency of the American Life Insurance Company was tried out in the District Court of Polk County, substantially all of the impaired assets of the entire company were appraised in that proceeding by appraisers from Detroit and Texas and Iowa and Oklahoma and other places, were they?

A. Yes, sir.

Q. And you have the benefit of all those appraisals which included a substantial number of Iowa assets as well as all of the other assets of the American Life Insurance Company, did you not? A. Yes, sir.

Q. Now that was in the testimony that was given in the District Court of Polk County, Iowa?

A. Yes, sir.

Q. And it is your opinion, [it is] not, Mr. Fischer, that the valuation of you and your department of the assets in the Iowa Department will reveal an impairment of not to exceed 25 per cent of the face value of those assets?

A. That is about where we placed it and it may be less, depending upon the future of the Rio Grande Valley land. We marked that down materially.

[fol. 411] Recross Examination.

By Mr. Jennings:

Q. One other question, Mr. Fischer. What has been your experience aside from the time you have been Commissioner of Insurance in the life insurance business?

A. Well, I operated a life insurance agency for a good many years in the management, and I managed the two different life companies for a number of years.

Q. You mean you managed the agency part of it?

A. Yes.

Q. You have had no experience in the actual business of life insurance?

A. I have never been in a Home office if that is what you mean as an officer, no, sir.

Q. And you have of course gained some experience during your few months that you have been Commissioner of Insurance? A. Yes, sir.

Redirect Examination.

By Mr. O'Brien:

Q. You have also, have you not, Mr. Fischer, held other official positions in the State of Iowa? A. Yes, sir.

Q. Will you, for the purpose of the record, detail those.

A. I was assistant director of the budget for about four years, and was for a time director of the budget, and I was superintendent of securities of Iowa for two years before becoming Insurance Commissioner.

Q. And prior to that time you engaged in private business, in the banking business, did you not?

A. Yes, sir, and agriculture and insurance.

Mr. O'Brien: I think that is all.

[fol. 412] Cross-Examination.

By Mr. Godfrey:

Q. I would like to ask you one question. Do I understand from your testimony that your attitude up to now has been that regardless of the reinsuring company or the appraisal made unless that company recommends a preferential lien in favor of the Des Moines group, you would not accept that as a reinsuring company, is that right?

A. I have not said that. I think that the Des Moines business is entitled under their deposits to exactly what that deposit gives them. If it makes it a preferential lien as compared with the other business, of course I would insist upon that.

Q. Maybe you would not mind just stating whether or not it is your attitude and has been all along and continues to be presently that you would approve no reinsuring plan regardless of the solvency of the company unless it recommends the preferential in Iowa as you understand it?

A. I would say a company that has, and it would depend entirely on the reinsurance contract of the company, I cannot say what I would approve until I had seen it.

Q. But your true reason for rejecting the American United thus far, is not solvency or insolvency, but it is because of whether or not the preferential deposit—you understand that in the Iowa rate recommends that, isn't that the fact?

A. No, it isn't. The American United has not yet shown itself able to manage its own affairs as far as the Iowa Department is concerned.

Mr. Jahr: The defendant American United moves to strike the witness' answer on the ground that it is incompetent, irrelevant and immaterial, and not responsive to [fol. 413] the question, not within the issues in this case.

The Court: I will give your objection consideration.

Donald Harlow, resumed the stand for further examination, and having been previously sworn, testified as follows:

Cross-Examination.

By Mr. Jennings:

Q. When Mr. Fischer was on the stand I requested that he obtain the information as to the distribution of the American Life Insurance business among citizens of Iowa. Now I understand that you have that information available, Mr. Harlow.

A. I took the figures from the annual report of the American Life of Detroit to the Insurance Department as of December 31, 1937, and it disclosed policyholders 33,746 representing an amount of insurance in force of $62,624,402.33. The same statement disclosed that there were 3,242 policyholders in the state; insurance in force $4,771,583.70. In the Des Moines group and 1,535 representing insurance of $2,456,039 even.

Q. How many policyholders would be left among Iowa citizens who are not in the Des Moines group and the amount of insurance in force?

A. Making the subtraction would be 1,707, representing insurance of $2,315,543.70. There are 3,242 Iowa policyholders, that is held by Iowa citizens representing insurance of $4,771,582.70.

Q. Now of that number 1,535 policyholders represent $2,456,039 who are policyholders who originated with the American Life Insurance Company of Des Moines?

A. Yes.

[fol. 414] Q. And of that group 1,707 policies of Iowa citizens represent insurance in force of $2,315,543.70 are policies that are in no way connected with the American Life Insurance Company of Des Moines, is that right?

A. That is correct, sir.

Mr. O'Brien: The plaintiff offers and introduces in evidence Exhibits C to C-110 inclusive, being documents

from the correspondence file in the office of the Insurance Commissioner of the State of Iowa, between the Insurance Department and the American Life Insurance Company of Detroit, Michigan. It is my understanding that counsel will waive further identification.

Mr. Jennings: Well, we will waive the identification of these exhibits, nor do we raise any question because they have taken only a part of the correspondence. I think that is conceded, isn't it, Mr. O'Brien?

Mr. O'Brien: Yes.

Mr. Jennings: We do object to the exhibits on the ground of materiality and relevancy.

The Court: I will admit them now and we can determine that as we go along. Some might be and some might not.

Mr. O'Brien: I might say for the purpose of the record and explanatory to the court that in the correspondence file there are ten or fifteen large bundles of correspondence and we have endeavored to select those which we thought might be material to the issue in this case, and we are willing to give counsel for the defendants access to all of the communications for examination if they desire to examine them, and offer further parts of the record themselves in the office of the Commissioner of Insurance.

[fol. 415] Mr. Scott: On behalf of the Texas receiver I would like to object to the documents in evidence on the ground that these letters can have no possible bearing on the interpretation of the contract or its validity or any other issue before the court here, and uselessly encumbers the record with matters not relevant.

Mr. Godfrey: We don't know what the purpose is, but we would like the record to show that this gracious offer to us to examine some fifteen or sixteen bundles of correspondence has only been given right now, not before. Quite obviously we could not get an examination of those now.

The Court: All right. Anything else?

Whereupon

DAN E. LYDICK, was called as a witness on the part of the plaintiff, and having been first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. O'Brien:

I am the Texas Receiver of the American Life Insurance Company of Detroit, Michigan.

Q. Mr. Lydick, I will hand you what the reporter has marked Exhibits D, D-1, D-2 and D-3, contained in a bound book and ask you to state what that is, if you know?

A. This book is the stock book of the Mestenas Company, a corporation, domiciled at Edcouch, in the State of Texas. The book of certificates you mentioned are those that have been used. Others in the book are blank and represent the stock as issued in the forming of the corporation, and [indicentally] what became of it in the final dissolution.

[fol. 416] Mr. O'Brien: The plaintiff offers and introduces in evidence Exhibits D, D-1, D-2 and D-3, and each of said marked exhibits separately.

Q. I hand you a loose leaf book with several pages and ask you to state what this is, Mr. Lydick?

A. This is the minute book containing all of the record included in the incorporation of the Mestenas Company, a corporation domiciled at Edcouch, Texas, including the dissolution of the company according to the minutes of said corporation, and this exhibit that you have marked, which constitutes the last three pages, there is contained the dissolution and the manner in which it was dissolved. Then the next one is the certificate from the Secretary of State showing the dissolution.

Mr. O'Brien: From the record identified the plaintiff offers and introduces in evidence the pages Exhibit E. Exhibit E-1 and E-2, and each of said pages.

Mr. Jennings: May it be understood that all of the records pertaining to the subsidiary corporations are objected to as immaterial as far as the Michigan receiver is concerned?

Q. Mr. Lydick, I will hand you what the reporter has marked Exhibit G, and ask you to state what that is?

A. That is an application and order in Case No. 28854-A in the District Court of Tarrant County, Texas, Ninety-sixth Judicial District, in which Dan E. Lydick as receiver, applied for permission to dissolve the Mestenas Company and five other companies similarly situated and also is the court's order authorizing it to be done. Also this order authorizes the receiver to convey to the American Life Insurance Company of Detroit, Michigan, all, each and every asset of this corporation and the other corporations, subject, of course, to any outstanding claims. [fol. 417] Q. [—].

A. This Exhibit F is a deed from Dan E. Lydick, Receiver of the American Life Insurance Company, the Texas receiver, conveying all, each and every asset both personal and real estate belonging to the Mestenas Company to the American Life Insurance Company. The deed is duly recorded in Volume 455, pages 313-14, Deed Records of Hidalgo County, Texas. Also the deed is recorded in Willacy County as shown by the clerk's notation. This execution here that has been called to my attention is by the Mestenas Corporation by me as receiver therefor, conveying the properties to the American Life Insurance Company.

Mr. O'Brien: The plaintiff offers and introduces in evidence Exhibits F and G, and each of said exhibits separately.

Mr. O'Brien: Now subject to the objections that have been made by counsel for the parties, it is stipulated that the same records of the other five companies named in the stipulation of facts except for their names and the description of the properties would be the same if offered in evidence.

[fol. 418] Mr. Jennings: May it please the court, I don't think it is necessary to make an extended statement at all from the proof already in and of which a part of the proof was the stipulation in which the defendants generally assumed that the court appreciate the issues that are involved.

It is the position of the domiciliary receiver that all assets of the American Life Insurance Company wherever situated should be for the benefit of all policyholders of that company as of the date of the proceeding in insolvency. That would include the deposit with the Insurance Commissioner of the State of Iowa which has a book value of some three and a half million dollars, and in view of the size of that deposit if a certain group of policyholders are given preferential treatment to the extent of that, of course it has a very adverse effect upon other policyholders in the company.

It is our position that that deposit was not for the benefit of any particular group of policyholders. It is our position that the agreements, Exhibits A, B and C, do not set up a trust. They do not name a trustee and they do not name a beneficiary under the trust, and the benefit cannot be set up by inference.

It is further our position that the Iowa statute at that time nor at any time since ever reserved such a deposit because under the Iowa statute if a foreign insurance company is admitted in the State of Iowa it need not maintain a deposit in the state if it maintains a deposit in its home state or any other state in the amount of $100,000 or more, and that has been stipulated in part, and we will offer proof upon that.

[fol. 419] So briefly the position of the domiciliary receiver is that this court should decree from the record as presently made, that this deposit is for the benefit of all policyholders of the company and these particular policyholders should not obtain preferential treatment. We also claim that the Iowa Commissioner and Receiver has no right to appear for this particular group of policyholders. His rights are restricted to the protection of the citizens of the State of Iowa.

So, with that statement I think that will cover the position at this time of the domiciliary receiver.

The Court: Well, I rather got from what you said here that the position of the Iowa Commissioner is that he is protecting not only the policyholders in Iowa but those

who were in Iowa at the time their policies were taken out, is that correct, or is it just the other way?

Mr. Godfrey: Just the other way. He says he is protecting only the Des Moines group and not the other.

The Court: And those that have moved out of the state are not required to be—I don't know about that.

Mr. O'Brien: No, I think the court misunderstands the Iowa Receiver.

The Court: I don't mean protect. I mean that these deposits were here for the protection of all of those policyholders other than those that were issued after the company went out of the state, is that it?

Mr. O'Brien: Yes, that's right. All of the business that originally was with the Des Moines Company regardless of residence.

Mr. Godfrey: And any other business.

[fol. 420] Mr. Jahr: Inasmuch as the defendant American United's rights are based upon the contract with the domiciliary receiver, its rights would be in issue, involved here and its contentions are identical with those of the Michigan receiver.

The Court: While you have a neutral position in the agreement, you are still waiving?

Mr. Scott: Your Honor, perhaps it would be well for the Texas receiver to explain his position. The Texas receiver has no issue in this case with the domiciliary receiver. The Texas receiver takes the position that all of the assets of the American Life Insurance Company of which he has jurisdiction, are assets which are to be distributed equally to all of the policyholders of the American Life Insurance Company. Some of the assets involved in this proceeding are of no moment to the Texas receiver, but we contend the domiciliary receiver, in the belief that the contract is in violation of the statutes of Iowa, that it sets up an inequitable and secret preference which would not be tolerated in the suit, and thus to have these assets go to the American Life Insurance Company.

The Court: What do you refer to, this contract, A, B and C?

Mr. Scott: That's right. Now another question comes into the case so far as we are concerned. It may be possible that title to some part of or all of these properties pass under the terms of these contracts, and that as the court intimated on the hearing of the motions to dismiss, the question of what character of a decree he may enter and even assuming the contracts are given the force that the plaintiff seeks will become material. We have a very definite position to take with the character of the decree that [fol. 421] can be entered even assuming you find the contract valid, and that position is that in so far as property located in Texas is concerned that the court should hold that whatever rights are created under that contract will be relegated to the Texas court for decision.

Thomas M. Heuss, was called as a witness on the part of the defendants, and being first duly sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. Jennings:

I am Deputy Receiver for the American Life Insurance Company. And as such I am special Deputy Commissioner of Insurance in the State of Michigan. Prior to my present position I was Vice-President of the American Life Insurance Company and associated since October, 1911, with that company until I was appointed Deputy Receiver.

Q. I am not sure, Mr. Heuss, that our stipulation of facts explains concretely the purpose of the three reinsurance contracts with the American Life Insurance Company of Des Moines. Can you tell us the purpose of having three separate contracts?

A. At the time the first contract was issued the American Life Insurance Company of Detroit was not licensed to do business in some of the states that the American Life Insurance Company of Des Moines was licensed to do business in. The American Life of Detroit took over all the agencies of the American Life Insurance Company of Des Moines at the time of the reinsurance, and they wanted to keep those agencies going which necessitated producing new business in states in which the American Life of De-

troit was not licensed, so that they continued—they continued, the American Life Insurance Company of Des Moines as a corporation, and it continued to write business in those states until the American Life of Detroit qualified. [fol. 422] Now the stipulation shows that 441 policies were written in that manner. Were those policies included in what now plaintiff's theory is, the protected group?

A. Yes.

Q. Now those policies were written on a different form than had been originally used, and used up until the time by the American Life Insurance Company of Des Moines?

A. Yes.

Q. And that form appears as Exhibit G to the stipulation of facts? A. Yes.

Mr. Jennings: I call the court's attention to the fact that unlike the form which had been used prior to this reinsurance agreement, it does not have stamped upon it anything in reference to a reserve on deposit in the State of Iowa, nor does the body of the policy have anything in reference to a deposit in the State of Iowa.

Q. I show you Exhibit C-101, and ask you if that was a letter written by you?

A. Yes, on March 9, 1937, to the actuary of the Iowa Insurance Department.

Q. I would like to read this letter into the record. It is on the letterhead of the American, dated March 9, 1937, stamped "Received March 13th." Ray Murphy, Commissioner of Insurance, directed by Mr. C. C. Kirkpatrick, Actuary Insurance Department of Iowa, Des Moines, Iowa. "Dear Mr. Kirkpatrick: About a month ago I wrote you but my letter must have either gone astray or escaped your [fol. 423] attention. I asked for two copies of the Iowa Code if you had a supply available and also requested your advice on the following propositions:

1. Replacement of some of our deposits with real estate deeds, same to be deeds covering properties formerly under mortgage, which mortgages were to be filed with the Iowa Department.

2. Whether it is permissible under the present amended laws and department rulings to withdraw securities on deposit and make no replacement of the same.

Thanking you to advise me promptly, and with kind regards, I am, Very truly yours, T. M. Heuss, Vice-President."

Q. Now, Mr. Heuss, did the American Life Insurance Company at all times maintain a deposit with some official of the State of Michigan?

A. Yes, sir, with the State Treasurer.

Q. And you are familiar with the deposit maintained there? A. Yes.

Q. I show you Exhibit 1, Mr. Heuss, and ask you to identify it.

A. It is a statement taken from the books and records of the—at the home office of the American Life Insurance Company of Detroit showing the amount of deposits with the Michigan State Treasurer at the year ending beginning with 1921 and running through to April 13, 1938.

Mr. Jennings: I offer this exhibit in the testimony, and in lieu of testimony that the witness might give from the stand.

The Court: Any objection? It may be admitted then.

[fol. 424]

Exhibit 1.

Filed in U. S. District Court, June 4, 1940.

Deposit

Michigan State Treasurer

by American Life Ins. Co.

12/31/21	Real Estate Mortgages		107,000 00
12/31/22	Real Estate Mortgages		102,500 00
12-31-23	Real Estate Mortgages		208,500 00
12-31-24	Real Estate Mortgages		210,500 00
12-31/25	Real Estate Mortgages		220,000 00
12/31/26	Real Estate Mortgages		214,500 00
12/31/27	Real Estate Mortgages		217,250 00
12/31/28	Real Estate Mortgages		214,250 00
12/31/29	Real Estate Mortgages		211,750 00
12/31/30	Real Estate Mortgages		209,789 10
12/31/31	Real Estate Mortgages		207,222 90
12/31/32	Real Estate Mortgages		247,683 43
12/31/33	Real Estate Mortgages		233,664 43
12/31/34	Real Estate Mortgages	190,975.00	
	Bonds	5,000.00	195,975 00
12/31/35	Real Estate Mortgages		201,503.67
12/31/36	Real Estate Mortgages		204,680 34
12/31/37	Real Estate Mortgages	155,814.89	
	Bonds	100,000.00	255,814.89
4/13/38	Real Estate Mortgages	153,990.50	
	Bonds	100,000.00	253,990.50

[fol. 425] Q. Now, Mr. Heuss, are you familiar with the reports made to the Commissioner of Insurance of the State of Iowa and other Commissioners of Insurance in states where the American Life operated?

A. Yes, some of these reports go to these departments over my signature.

Q. Now we have seventeen of these reports attached to the stipulation of facts as Exhibits G-1 to G-17 inclusive. I note that in the report for the year 1921 under the hearing Special Deposit Schedule, there is a notation "None, 1921."

A. Yes.

Q. And then under the Schedule of all other deposits there is, the State Treasurer of Michigan, real estate mortgages, $107,000, Commissioner of Iowa—and Commissioner of Iowa, $3,182,410. Now in the year 1922 there is some notation, the same notation, the only difference being in the amount of the other deposits. And the same is true with 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935 and 1936. Now during all of those years was there any place in those reports that set forth that there was a deposit for the benefit of any particular group of policyholders?

Mr. O'Brien. Just a minute. That is objected to as calling for the opinion and conclusion of the witness not the best evidence and for a legal interpretation by this witness.

The Court: Overruled. He ought to know about that. (Plaintiff excepts).

[fol. 426] A. I think the complete report has referred to that deposit as it appears in the annual report.

Q. Now I call your attention to the annual statement for the year 1937 which is marked Exhibit G-1 in the stipulation of facts, and under the heading Special Deposit Schedule it states "None." And it has in handwriting "See below." And then down below we have the deposit that the Michigan State Treasurer both mortgages and bonds, the Commissioner of Insurance of Iowa, of real estate, mortgages and real estate contracts, bonds, and policy liens in varying amounts. Then there is written in handwriting the following:

"Securities on deposit with the Commissioner of Insurance of the State of Iowa in compliance with the Iowa stat-

utory requirements for the benefit of policyholders to secure policies issued by the American Life Insurance Company of Des Moines, Iowa, and reinsured by the American Life Insurance Company of Detroit, Michigan." Now did you sign this report, this particular report?

A. Yes. The verbiage on that statement was dictated by the Insurance Department examiners that were at the office to make a continuation examination from the early part of January 1938 until the date of the receivership, April 13th. The matter was brought up by the examiners and they insisted that that be inserted in the statement.

Q. Did the examiners of the Insurance Department of the State of Iowa have anything to do with that?

A. It is my understanding that the moving spirit behind them was the Iowa examiner. He brought it up and the other examiners concurred.

[fol. 427] Q. And this information was given to you when you were required to sign the statement?

A. It was given to me before I signed the statement and I objected to it and didn't want it in the statement, but it had been referred to the president and he authorized it to go in.

Q. Now was there any license to do business issued to the American Life Insurance Company after the filing of this 1937 report in any state? A. I think not, no.

Q. Was there any license issued in Iowa? A. No.

Q. Nor none in Michigan? A. No.

Q. Do you know whether this statement was filed in all states in which you were then authorized to do business?

A. I think, my recollection is that it was filed with, but was not accompanied by an application for a new license. The management at that time intended to withdraw from all states except Michigan.

Q. This statement was made then and an amendment placed on it in writing as a result of the examination which appeared on the receivership proceedings? A. Yes.

Cross-Examination.

By Mr. O'Brien:

The Michigan examiner was a part of that continuation examination that concurred in that part being placed in the financial statement of the group of policies that were

written through the Des Moines Company after the contract Exhibit A was signed, there were 421 policies written with the company.

[fol. 428] Q. And that group which Mr. Jennings called the protected group there were 411 remaining, is that correct?

A. Forty-four in force at the time of the receivership out of 440.

Q. Now a new contract form was prepared and issued which is described as Exhibit G. Now the fact is, is it not, Mr. Heuss, that there was a different form or structure of rates used that was one of the reasons, at least, for the new contract, that is designated here as Exhibit G?

A. All of the policies form a rate book and rates of the American Life of Des Moines were discontinued at the time of the first reinsurance contract, and therefore policies were issued from the rate book to go on the policy forms of the American Life of Detroit.

Q. And Exhibit G is conformable with the policy forms that were used by the American Life Insurance Company of Detroit? A. Yes.

Q. Now in connection with Exhibit 1, it appears that there was on deposit with the State Treasurer of Michigan by the American Life Insurance Company of Detroit, from December 31, 1921, securities in the amount of $107,000 and that this amount gradually increased so that on April 13, 1938, there were on deposit with the State Treasurer of Michigan the total sum of $253,990.50. Will you tell the court how much insurance was in force on April 13, 1938?

A. My recollection is it was $62,000,000.

[fol. 429] Q. And will you state to the court how much approximately the reserves were that had been created under that group of insurance?

A. The net reserve including policy liens—taking that the reserve as represented by policy liens, was approximately twelve and a half million.

Q. And the highest amount on deposit at any time with the Michigan State Treasurer was on December 31, 1937, the securities were in the total sum of $255,814.89?

A. That is the highest amount at the year end.

Q. Well, that is the highest of any figure shown on this exhibit anway, isn't it, Mr. Heuss? A. Yes, sir.

Q. Mr. Heuss, could you give the court an estimate offhand as to the amount of premiums collected and retained by the Michigan receiver upon the business originating with the Des Moines Company?

A. Since the date of receivership?

Q. Yes.

A. I have the schedules here.

Q. I would like to have that if you will produce it, and do you also have the amount that is collected by the American United since the execution of the contract with them and the Michigan receiver?

A. I think so. This statement is dated March 1st.

By Mr. Scott:

Q. In Exhibit G-17 with respect to the stipulation of facts appearing to be page 1 of the annual statement of the American Life Insurance Company filed for the year 1921, [fol. 430] are you familiar with the procedure and method of preparing and filing these annual statements?

A. Yes.

Q. Was a license in the State of Iowa granted on the basis of the annual statement as shown by Exhibit 17?

A. Yes.

Q. Does that annual statement disclose any special deposit schedule, any special deposit? A. No.

Q. Was a license granted to the company in that year in all of the other states where it did business on the basis of that same statement? A. Yes.

Q. Now, Mr. Heuss, referring to Exhibit G-16, the top of the page is denominated on the statement "Special Deposit Schedule" is that correct? A. Yes.

Q. Does any deposit appear in that space so denominated? A. No, it states "None."

Q. All right, sir, now the bottom half of the page is a schedule of all other deposits? A. Yes.

Q. In that half of the schedule the deposit in Iowa appears, is that correct?

Mr. O'Brien: That is objected to for the further reason that it is not the best evidence, the instrument itself is the best evidence.

The Court: Well, I suppose it should be sustained, emphasizing it for the benefit of the court, I guess.

(Plaintiff excepts)

[fol. 431] Q. Mr. Heuss, was the license granted the American Life in Iowa, on the basis of the annual statement filed for the year 1923, page of which is shown on Exhibit G-15?

Mr. O'Brien: That is objected to as calling for the opinion and conclusion of the witness, and not a statement of any fact.

The Court: Well, I suppose that would be correct, I could not say. You are talking about the license in Iowa or the license in Michigan?

Mr. O'Brien: In Iowa, that is all.

The Court: I will have to sustain that.

Mr. Scott: Note our exception.

Q. Mr. Heuss, was the company licensed in Iowa from the year 1921 to 1936, inclusive? A. Yes.

Mr. O'Brien: That is all except for the figures.

Q. Mr. Heuss, as of March 1, 1940, will you state the amount of the premium income collections on the business originating in the Des Moines Company that is in the possession of the Michigan receiver and the American United as of that date?

A. I would like to answer the question by giving the figures as I interpret them from the statement I have here made by the bookkeepers in the Home Office. The first statement is dated March 1, 1939, and it is my opinion that this is a typographical error and should be March 1, 1940. There is a schedule here of premiums that I interpret as being premiums collected on the American Life of Des Moines business, and it states up to March 1st the Michigan receiver is in possession of $86,519.16, the American United [fol. 432] $10,112.62 premium collected on Texas residence, on which it would be my interpretation that a part of it is held by the Michigan receiver and a part by the American United, $2,301.35, making a total of $98,933.13.

Q. It is a fact, is it not, that the American United is now collecting the premium income on the policies originating in the Des Moines Company? A. Yes.

Q. And the Michigan receiver is not now making any further collections of those premiums? A. No.

By Mr. Jennings:

Q. Can you tell me approximately, Mr. Heuss, the amount of paid up business in what we call the Des Moines group of policies originating in the American Life of Des Moines?

A. My recollection is that the insurance account now amounts to—that is my recollection, of six and a half million, and that approximately one-half of that is paid up.

Q. So that there will be no further premium income on that business? A. No.

DAN E. LYDICK, recalled for further examination on the part of the Texas Receiver, and having been previously sworn by the Clerk, testified as follows:

Direct Examination.

By Mr. Scott:

Q. The stipulation refers to the fact that you were appointed as receiver by the Ninety-sixth District Court, Tarrant County, Texas, of the Texas assets of the American Life Insurance Company. Did you qualify as such receiver?

[fol. 433] A. Yes, sir. I executed an oath and bond filed with the court?

Q. Mr. Lydick, the order attached to the stipulation is dated July 29, 1938, and is the order in which you were appointed receiver. Will you tell the court when and how you took possession of the lands of the subsidiary corporation and of the American Life Insurance Company in that part of Texas known as the Rio Grand, and more particularly in Hidalgo and Willacy Counties.

A. Promptly upon qualifying I took charge of the Fort Worth, Texas office. The following day, it was possibly two days after my appointment, I went to the Rio Grande Valley and at that time and at that point took charge of not only the properties that belonged to the American Life in name, but also took charge of the six subsidiary cor-

porations and all of their properties which in truth and in fact belonged to the American Life Insurance Company, all happening within a period of two or three days following my appointment.

Q. Now what in general was the nature of the Rio Grande Valley properties belonging to the subsidiary corporations?

Mr. O'Brien: Objected to as immaterial.

The Court: Answer, please.

(Plaintiff excepts).

A. It consisted of about 28,000 acres of land, of which land there was about 2600 in grapefruit ranches. Some 17 or 18,000 acres in cotton, the balance of it mostly in brush, it had not been cleared.

Q. What has been your method of operation of these lands, that is, have you operated them as a unit, as being assets of the American Life?

[fol. 434] A. They have been operated as a unit, as the property of the American Life since I took them, because they could not be segregated. That would be nearly an impossibility.

Q. Now, Mr. Lydick, what did you do with respect to the Fort Worth office of the American Life Insurance Company.

A. I immediately took over the Fort Worth office the day after I was appointed, had all of the records impounded there by the same people that were running the [Forth] Worth office, but subject to my control.

Q. Did you find a set of books and records there relating to the promissory notes executed by individuals living in Texas and being the same notes described in Exhibit R, attached to the stipulation?

A. Is Exhibit R the notes?

Q. They are the notes executed by individuals.

A. Yes. They weren't a set of books there, no. We had to make a set of books. There was a card showing the various and sundry notes and the payments thereon from time to time which card system had been furnished by the Home office of the American United Life Insurance Company, and from that card system why we ascertained, com-

municating later on with the Home office the correctness of the items that were collected upon.

Q. Now prior to your appointment, Mr. Lydick, from your investigation of the Fort Worth office records, did you find that that office had made collections on these promissory notes?

A. The office had made collections daily on all promissory notes and by that I mean everything we had, both notes that were held in Detroit and those that are in this litigation, and had made it daily, or maybe every two or [fol. 435] three days to the Home Office with the statement with respect to the amount collected. We didn't have the notes in the Fort Worth office, that is the physical possession of them.

Q. Have you continued the business in the same way in which it was conducted prior to your appointment with respect to the collection of these notes?

A. I have conducted the business in the same [was] as heretofore, as theretofore, but I have failed to transmit either to the Home office or anybody else for the collections as made. I have that money on hand.

Q. Mr. Lydick, have you found it advisable or necessary during your administration as receiver to renew and extend any of the notes described in Exhibit R?

A. Yes, we have renewed many and extended many. First, some times the note in one or two cases was about to go out of date. Second we compromised on a higher rate of interest, the amount was paid and possibly the note past due, and we fixed the date so that he could pay it and renewed it on a different basis, some times getting a payment down so that we could cut the payments down so that a man could meet his payments rather than foreclose his home. Sometimes when a man laid down, fell down we would not do anything, why we would be successful in getting a deed and surrendering his note, or some times when we could not get a hold of that, of the note, we took the deed anyway and trust to God to get the note.

[fol. 436] Mr. Henry: The defendant, the American United Life Insurance Company moves to strike from the record any testimony with respect to the solvency or insolvency of the American United Life Insurance Company on the ground that it is immaterial and irrelevant to any issues in

this cause, the pleadings do not disclose that there was any issue here as to the merits or demerits of the reinsurance agreement. The reinsurance agreement has been executed and its validity or invalidity has not been before this court, and it is not a part of this case as to whether Mr. Fischer as receiver in Iowa or as the Insurance Commissioner in Iowa wished to approve or disapprove of the reinsurance agreement. The remarks therefore made as to the solvency of the company came as a surprise to the company, and the company is not in a position to meet that by other evidence. This is not the forum to try the solvency or management of the American United Life Insurance Company, and we think that that should be stricken from the record as no part of the record in this case and should not be a part of the record in the event of an appeal.

The Court: Well, I don't think of any reason why it would be competent unless it would be something bearing upon his application to have a receiver appointed, and possibly another application to liquidate. I don't know whether those are discretionary matters with him or not, but we have to determine that as we have a legal argument, so I will let the matter stand subject to your objection. Let the evidence stand subject to your objection.

Whereupon the case was argued by the respective parties to the court.

[fol. 437] (Stipulation of Counsel Approving Transcript of Testimony.)

Filed in U. S. District Court September 6, 1940.

It is hereby stipulated by and between the attorneys for the respective parties hereto that the foregoing transcript of testimony contains all the evidence given and proceedings had on the trial of this action, and that it is correct in all respects, and that the same may be approved, allowed, settled and ordered filed and made a part of the record herein by the Judge before whom this cause was tried upon the filing of this stipulation without further or other notice to Charles R. Fischer, Commissioner of Insurance of

the State of Iowa, as Receiver for the American Life Insurance Company, the plaintiff or his counsel.

Dated August 29, 1940.

WILLIS J. O'BRIEN,
Attorney for Plaintiff and Appellee.

[fol. 438]

ROBERT A. ADAMS,
AARON T. JAHR,
Attorneys for Defendant and Appellant American United Life Insurance Company.

CLAYTON F. JENNINGS,
Attorney for Defendant and Appellant John G. Emery, Permanent Liquidating Receiver.

B. E. GODFREY,
JNO. M. SCOTT,
Attorneys for Defendant and Appellant Dan E. Lydick, Texas Receiver.

PHINEAS M. HENRY,
Attorney for all Defendants and Appellants.

No. 65 Civil

[illegible] 1940

[illegible] U.S. Dist. Clerk

By Justin Brennan Deputy

Potts Ex B

American LIFE INSURANCE COMPANY Des Moines

V—LIABILITIES, SURPLUS AND OTHER FUNDS

Net present value of all the outstanding policies in force on the 31st day of December, 1939, as computed by the Bowles on the following tables of mortality and rates of interest, viz:

1. Actuaries' table at 4 per cent. on [illegible]
   [illegible] $ [illegible]
   [illegible] $ [illegible]
   Same for dividend additions ... $ [illegible]
2. American Experience table at 3½ per cent on [illegible]
   [illegible] $ [illegible]
   [illegible] $ [illegible]
   Same for dividend additions ... $ [illegible]
3. American Experience table at ____ per cent. on ____
   ____ $ ____
   ____ $ ____
   Same for dividend additions ... $ ____
4. Other tables and rates, viz.:
   ____ $ ____
   ____ $ ____
   ____ $ ____
   ____ $ ____
   ____ $ ____
   ____ $ ____
   Same for dividend additions ... $ ____
5. Net present value of annuities (including those in reduction of premiums). Give tables and rates of interest, viz:
   ____ $ ____
   ____ $ ____
   ____ $ ____
   ____ $ ____

   TOTAL ... $ [illegible]
6. Deduct net value of risks of this company re-insured in other solvent companies ... $ [illegible]
7. NET RESERVE (Full Re Basis) ... $ [illegible]
8. Extra reserve for total and permanent disability benefits $ [illegible]; and for additional accidental death benefits $ ____ included in life policies ... $ [illegible]
9. Present value of amounts not yet due on supplementary contracts not involving life contingencies, computed by the ____ ... $ [illegible]

7.	Net Reserve (Paid for Basis)		
8.	Extra reserve for total and permanent disability benefits $ 21,722.00; and for additional accidental death benefits $ ——— included in life policies		
9.	Present value of amounts not yet due on supplementary contracts not involving life contingencies, computed by the ———		
10.	Present value of amounts incurred but not yet due for total and permanent disability benefits		
11.	Liability on policies cancelled and not included in "net reserve" upon which a surrender value may be demanded		
12.	Claims for death losses due and unpaid		
13.	Claims for death losses in process of adjustment, or adjusted and not due		
14.	Claims for death losses reported for which no proofs have been received	85,000.00	
15.	Reserve for net death losses incurred but unreported	166,585.00	
16.	Claims for matured endowments due and unpaid	2,000.00	
17.	Claims for death losses and other policy claims resisted		
18.	Claims for total and permanent disability benefits $ 12 "; and for additional accidental death benefits $ ———; including $ ——— resisted	5,500.00	
19.	Due and unpaid on annuity claims involving life contingencies	1,500.00	
20.	Total Policy Claims		
21.	Due and unpaid on supplementary contracts not involving life contingencies		26,695.00
22.	Dividends left with the company to accumulate at interest, and accrued interest thereon		1,850.00
23.	Premiums paid in advance, including surrender values so applied		18,934.13
24.	Unearned interest and rents paid in advance		3,455.42
25.	Commissions due to agents on premium notes when paid		1,019.83
26.	Commissions to agents, due or accrued		46,000.00
27.	"Cost of collection" on uncollected and deferred premiums, in excess of the loading thereon		
28.	Salaries, rents, office expenses, bills, and accounts due or accrued		
29.	Medical examiners' fees $ 1,272.50, and legal fees $ 2,050.00, due or accrued		3,322.50
30.	Estimated amount hereafter payable for federal, state and other taxes based upon the business of the year of this statement		14,400.00
31.	Advances by officers or others on account of expenses of organization or otherwise		26,347.71
32.	Borrowed money $ ———, and interest thereon $ ———		
33.	Unpaid dividends to stockholders		
34.	Dividends or other profits due policyholders, including those contingent on payment of outstanding and deferred premiums		
35.	Dividends declared on or apportioned to annual dividend policies payable to policyholders to and including (month) 3/ (day) March 1921, whether contingent upon the payment of renewal premiums or otherwise		3,911.00
36.	Dividends declared on or apportioned to deferred dividend policies payable to policyholders to and including (month) (day) ——— 1921		23,213.00
37.	Amounts set apart, apportioned, provisionally ascertained, calculated, declared or held awaiting apportionment upon deferred dividend policies, not included in Item 36		
38.	Reserves, special or surplus funds not included above (give items and amounts separately, and state for what purpose each of said funds is held)		387,100.00
39.	———		
40.	———		
41.	———		
42.	All other liabilities (give items and amounts):		
43.	Life Insurance Premiums on Double Indemnity "118"		1,872.00
44.	———		
45.	———		
46.	———		
47.	Capital paid up		$ 2,950,425.00
48.	Unassigned funds (surplus)		200,175.00
49.	Total		$ 3,226,297.00

*State definitely the dates of issue and class of policies covered by each funds of reserve.

EXHIBIT B.
Filed in U. S. District Court June 8, 1940.
403

IV—LEDGER ASSETS

1.	Book value of real estate (less $ ____ encumbrances), per Schedule A	$ 1,500,000 / 1,392,764	
2.	Mortgage loans on real estate, per Schedule B, first liens, $ 2,264,325.00; other than first liens, $ ____	2,264,325.00	
3.	Loans secured by pledge of bonds, stocks or other collateral, per Schedule C	38,000.00	
3a.	Premiums reported on U. S. monthly difference lists to War Risk Insurance Bureau in accordance with Soldiers' and Sailors' Civil Relief Act	-	
4.	Loans made to policyholders on this Company's policies assigned as collateral	451,332.83	
5.	Premium notes on policies in force, of which $ ____ is for first year's premiums	427,331.95	
6.	Book value of bonds, $ 955,313.65; and stocks, $ ____; per Schedule D	955,313.65	
7.	Cash in Company's office	$ 1,246.86	
8.	Deposits in trust companies and banks, not on interest, per Schedule E	86,612.12	
9.	Deposits in trust companies and banks, on interest, per Schedule E	53,242.88	141,630.46
10.	Bills receivable, $ ____; agents' balances (debit, $ 23,015.98; credit, $ 3,910.57); net $ 19,105.41		19,105.41
11.	Due for Sale of Assets, Due for Premiums, Accounts, Interest		69,150.93
12.	TOTAL LEDGER ASSETS, AS PER "BALANCE" ON PAGE 3		$3,120,127.95

NON-LEDGER ASSETS

13.	Interest due, $ 4,766.11 and accrued, $ 5,167.41 on mortgages	$ 11,933.52	
14.	Interest due, $ ____ and accrued, $ 644.03 on bonds, per Schedule D, Part 1	644.03	
15.	Interest due, $ ____ and accrued, $ ____ on collateral loans, per Schedule C, Part 1	-	
16.	Interest due, $ 152.76 and accrued, $ 2,366.10 on premium notes, policy loans or liens	2,518.86	
17.	Interest due, $ ____ and accrued, $ 47.27 on other assets (give items and amounts):		
18.	Due for Premiums; Contract for sale of real estate Interest;		
19.	Rents Deposited Trust; Accounts 4466	19,507	
20.	Rents due, $ ____ and accrued, $ ____ on Company's property or lease	-	
21.	TOTAL INTEREST AND RENTS DUE AND ACCRUED		78,556.64
22.	Market value of real estate over book value, per Schedule A		-
23.	Market value (not including interest in Item 14), of bonds and stocks over book value, per Schedule D		-
24.	Due from other companies for losses or claims on policies of this Company, re-insured		-

21.	TOTAL INTEREST AND RENTS DUE AND ACCRUED			
22.	Market value of real estate over book value, per Schedule A			78,256 64
23.	Market value (not deducting dividend in Item 14), of bonds and stocks over book value, per Schedule D			-
24.	Due from other companies for losses or claims on policies of this Company, re-insured			-
		(1) NEW BUSINESS (Paid for Basis)	(2) RENEWALS	
25.	Gross premiums due and unreported on policies in force December 31, 1920, (less re-insurance premiums)	$ -	$ 60,516 81	
26.	Gross deferred premiums on policies in force December 31, 1920, (less re-insurance premiums)	-	7,449 13	
27.	TOTALS	$ -	$ 67,965 94	
28.	Deduct loading	-	12,119 63	
29.	Net amount of uncollected and deferred premiums	$ -	$ 55,846 31	55,846 31
30.	All other assets (give items and amounts):			
31.				
32.				
33.				
34.				
35.	GROSS ASSETS			$ 3,274,130 28
	DEDUCT ASSETS NOT ADMITTED			
36.	Company's stock owned, $; loans on $	$ -		
37.	Supplies, stationery, printed matter, $; furniture, fixtures and safes, $	-		
38.	Commuted commissions, $; agents' debit balances, gross, $ 5,615 98	25,615 98		
39.	Cash advanced to or in the hands of officers or agents	-		
40.	Loans on personal security, endorsed or not, $; bills receivable, $	-		
41.	Premium notes, policy loans and other policy assets in excess of net value and of other policy liabilities on individual policies	-		
42.	Overdue and accrued interest on bonds in default	9,158 13		
43.	Book value of Real Estate over market value	-		
44.	Book value of bonds and stocks over market value	-		
45.	Book value of other ledger assets over market value, viz:	-		
46.	Loans (Note of Defend	-		
47.		3,038 17		
48.	ADMITTED ASSETS			42,332 28
				$ 3,226,897 42

Filed in U. S. District Court June 8, 1940.

EXHIBIT B.

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[fol. 441] Exhibit C.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President

Detroit.

August 26, 1937

Mr. W. H. Bailey, Securities Clerk
Insurance Department of Iowa
212 Sixth Avenue,
Des Moines, Iowa.

Received
Insurance Dept. of Iowa
August 27, 1937.
Ray Murphy
Commissioner of Insurance.

Dear Mr. Bailey:

With reference to our deposit with your Department, I am setting up a recapitulation of our deposit as it now shows on our records after taking into consideration the bonds sent to you from this office August 25 and bonds which will be shipped to you from the Chemical Bank and Trust Company of New York, per Mr. Heuss' letter to you of August 25, and including the withdrawals and changes as set forth in my letters of August 26.

Mortgage Loans	$2,588,852.68	
Policy Loans	1,097,851.56	
Bonds	225,000.00	$3,911,704.24
Withdrawals	$ 129,944.15	
Payments	48,342.08	178,286.23
		$3,733,418.01

Will you kindly confirm the above figures at your earliest convenience?

Yours very truly,

JOHN L. RICH,
Assistant Secretary.

JLR:gs

[fol. 442] Exhibit C-1.

Filed in U. S. District Court June 4, 1940.

August 31, 1937.

Gov. Wilber M. Brucker,
Clark, Klein, Brucker & Waples
Counselors at Law,
2850 Penobscot Building
Detroit, Michigan

Dear Gov. Brucker:

Re: American Life Insurance Company.

We have received and considered your letter of August 25th bringing us up to date as to the status of the Texas investments of the American Life Insurance Company. We are pleased to note the favorable aspects of the present situation confirming the representations made at our recent conference here. We are hopeful, as you are, that this situation will work out to the advantage of the Company and we will of course appreciate being kept closely advised of any developments of material consequence in this connection. In line with your suggestion when you were here, the Commissioner and myself will plan to make some personal inspection of these properties, probably soon after the first of the year, and of course the whole situation with reference to the Company's relicense in the State, will receive full and careful consideration prior to April 1, 1938.

We have also noted the letter of August 25th of Mr. John L. Rich, Assistant Secretary, and that of the same date from Mr. T. M. Heuss, Vice President, covering the shipment of various securities as enumerated therein. Receipt of these securities when on hand will be acknowledged by our Securities Department. They are now, however, being accepted for deposit at this time inasmuch as it does not appear that they can qualify for deposit under our law. It appears that the only qualified securities in these items are the Home owners Loan bonds in the sum of $15,000.00. For your information, we are enclosing copy of our law effecting deposits as revised by the 47th General Assembly, 1937, together with forms for filing in connection with the qualification of railroad and utilities securities. It appears that none of the railroad and utilities securities included could

qualify, but if you feel that they can, we will be pleased to have the forms filled out and submitted.

We note also that you have specified these securities for deposit at par, although we find that the market values are all well below par. We are wondering in this connection whether these securities were previously acquired by the Company at par or whether some of them are recent acquisitions. We would appreciate being advised fully in this respect.

We also have a letter dated August 26th from Mr. Rich advising us of payments on mortgages enumerated which [fol. 443] are at present among mortgages now on deposit here. We are noting these partial payments.

We also have a request for withdrawal from Mr. Rich of four items of real estate mortgages for foreclosure. Pending further information or substitution of other securities for the utilities and railroad securities described, we are with-holding this withdrawal.

Very truly yours,

MAURICE V. PEW,
Deputy Commissioner.

MVP:S

cc Mr. T. M. Heuss, Vice-President
American Life Insurance Company
Detroit, Michigan

P. S. License being issued to the Company today as per Commissioner's telegram, a copy of which is attached.

MVP

[fol. 444] Exhibit C-2

Filed in U. S. District Court June 4, 1940.

September 16, 1937.

Gov. Wilber M. Brucker
Clark, Klein, Brucker & Waples
Counselors at Law
2850 Penobscot Building
Detroit, Michigan

Dear Gov. Brucker:

Re: American Life Insurance Company

As agreed on in our telephone conversation this afternoon, we have decided to accept the real estate mortgages

and land contracts specified in the schedule accompanying your letter of September 14th in the total amount of $223,643.91 which we believe will qualify for deposit under our law. These items will be accepted in exchange for the other securities in the total amount of $215,000 which were submitted for deposit by the Company on August 25, 1937. These latter securities will be returned together with the items referred to in Mr. J. L. Rich's letter of August 26th which are mortgage loans taken out for foreclosure.

In order that your deposit account may be of a better balanced nature, it is our understanding that after January 1st you will make an effort to bring about the substitution of properly qualified municipal or other bonds for a reasonable proportion of the land contracts and mortgages which we will have on hand after the conclusion of the present transaction.

We ask that you continue to keep up closely in touch with any material developments effecting the Company's operation or its investments, particularly those in the State of Texas.

Best regards.

Very truly yours,

MAURICE V. PEW,
Deputy Commissioner.

MVP:S

cc Mr. T. M. Heuss, Vice-President
American Life Insurance Company
Detroit, Michigan

[fol. 445] (Exhibits C-3 to C-5.)

Filed in U. S. District Court June 4, 1940.

Joseph H. Clark
George H. Klein
Wilber M. Brucker
Harold J. Waples
Joseph B. Sheppard
Bigham D. Eblen
Robert C. Winter
Joseph H. Parsons

Received Insurance
Dept. of Iowa
Sep. 15, 1937
Ray Murphy,
Commissioner of
Insurance.

Clark, Klein, Brucker & Waples,
Counselors at Law
2850 Penobscot Building
Detroit, Michigan.

September 14, 1937.

Honorable Maurice V. Pew
Deputy Commissioner of Insurance
Des Moines, Iowa.

Air Mail.

Dear Commissioner Pew

This will acknowledge your communication of August 31 with particular reference to the American Life Insurance Company's deposit of securities forwarded by Mr. John L. Rich, Assistant Secretary, and Mr. T. M. Heuss, Vice President, under date of August 25, 1937. It appears from your letter that some of these securities are not eligible for deposit under the law at this time and you have enclosed a copy of the Iowa law as revised by the 47th General Assembly of 1937.

We are ready to offer real estate mortgages and land contracts in exchange for these other securities previously forwarded on August 25, and I am enclosing herewith two lists itemizing the real estate mortgage loans and land contracts in the total amount of $223,643.91.

Of this amount, $143,459.38 consists of land contracts upon property for which real estate mortgage loans formerly existed. All of these mortgages were formerly deposited with your Department. The statement shows the former real estate mortgage loan number and the real estate mortgage balance at the time of such previous deposit in Iowa. You will note that in nearly every case the land contract amount is considerably less than the mortgage loan previously existing upon the property when the mortgage was on deposit with your Department.

The other list shows real estate mortgage loans in the amount of $80,184.53. In each case the taxes are paid up to date and the mortgages and land contracts are current in their payments. Hence, we are offering these current

real estate mortgages and land contracts in exchange [fol. 446] for the securities forwarded to you under date of August 25, and are prepared to make the exchange at once, if this is satisfactory.

You inquired in your communication whether some of the securities forwarded to you on August 25th were previously acquired by the Company at par, or whether some of them are recent acquisitions. Nearly all of these securities have been acquired as a result of the exchange of property owned by the Company for the purpose of strengthening our asset position. In each case the exchanged security has been listed at no greater exchange value than the book value of the asset for which it was exchanged. This policy has been approved by the Michigan Department and I note the same policy is likewise expressed by Section 1 of Chapter 149 of the Insurance Code of Iowa, which reads as follows:

"Chapter 149, Section 1. Insurance. Exchange of Securities.

"Section 1. That the law as it appears in section eighty-seven hundred forty-one of the code, 1931, be and the same is hereby amended by adding at the close of said section the following: 'Any of the securities owned and held under the provisions of this chapter, including real estate owned and held, in its own office or on deposit with the insurance department may be exchanged for other securities and real estate authorized to be held under said chapter provided that it appears that such exchange will strengthen the position of said company and be to its advantage and that such exchange shall receive the approval of the commissioner of insurance, and provided further that in the exchange of such securities the values may be placed upon such securities and real estate so received and shall be fixed and determined by the department of insurance but upon a valuation not relatively higher than that of any such securities so exchanged. Such securities and real estate so received may be accepted by the insurance department as eligible for reserve deposits'."

[fol. 447] With reference to the Texas investments of the American Life Insurance Company, I am pleased to en-

close a typewritten copy of the President's Report submitted by Clarence L. Ayres upon his return from Texas under date of August 24, 1937. You will find confirmation for the matters contained in our discussion when I was out in Des Moines recently. As a matter of fact, the results reported by Mr. Ayres are even more favorable than those represented by me at that time. We believe you will be in better position to review the conservative aspects of this report after you have made a personal inspection of these properties some time next January or February in company with Commissioner Murphy.

Very truly yours,

WILBER M. BRUCKER.

P. S. I am sending a copy of President Ayres' Report of August 24, 1937 to Commissioner Murphy for his information.

[fol. 448] (Exhibits C-42 and C-43.)

(Filed in U. S. District Court June 4, 1940.)

American Life Insurance Company

Clarence L. Ayres, President.

Detroit

May 14, 1937.

Received Insurance Dept.
of Iowa May 17, 1937,
Ray Murphy, Commissioner
of Insurance.

Insurance Department
State of Iowa
Des Moines, Iowa.

Gentlemen:

We are sending to you under separate cover for deposit and credit to our account, twenty-three (23) mortgage loans totalling $1,027,773.40, separate tabulation of which is enclosed.

The foregoing securities are to replace the following, which kindly return to us:

Loan No.	Name	Amount.
1560	Harding	$ 4,250.00
1564	"	5,000.00
1565	"	2,500.00
1570	Brown	2,100.00
1589	Rushing	3,000.00
1708	Craddock	2,000.00
1809	Green	2,000.00
1846	Kramer	250.00
2205	Harding	31,842.00
2262	"	7,200.00
2284	"	17,310.00
2334	"	25,979.40
2346	"	6,222.00
2347	"	4,436.40
2354	"	4,800.00
2394	Fisher	21,960.60
2428	Harding	77,050.80
2533	"	4,800.00
2686	"	174,824.80
2690	"	41,311.20
3434	Delta Orchards	175,062.04
3436	" "	62,771.00
3545	Rio Grande	207,565.95
O-557	Chestnut	6,000.00
O-591	Farris	2,000.00
O-635	Folsom	2,000.00
O-658	Bynington	5,000.00
O-770	James	3,600.00
O-938	Leach	55,000.00

[fol 449]

A-1227	Johnson	$ 6,500.00
A-1479	Morgan	2,000.00
1930	Fortner	1,400.00
3285	Decatur Lodge	9,366.86
		$977,103.05

Loan No. 3760 (original number 2358, Cliff) was previously at your office for $65,000.00, and also Loan No. 3767, Katz (original number 3361, Rupersburg) for $70,000.00 These loans have been adjusted and are now on a monthly amortized plan and currently up-to-date.

There is also enclosed a statement showing the various papers being sent to you with each of the foregoing loans.

Very truly yours,

T. M. HEUSS,
Vice-President.

TMH.H

[fol. 450] Exhibit C-44.

Filed in U. S. District Court June 4, 1940.

May 21, 1937.

American Life Insurance Company
Detroit, Michigan.

Attention: John L. Rich

Dear Sirs:

In accordance with your letter of May 14, we are enclosing herein, by express collect, papers in connection with the following mortgage loans:

Loan No.	Amount
1560	$ 4,250.00
1564	5,000.00
1565	2,500.00
1570	2,100.00
1589	3,000.00
1708	2,000.00
1809	2,000.00
1846	250.00
2205	31,842.00
2262	7,200.00
2284	17,310.00
2334	25,979.40
2346	6,222.00
2347	4,436.40
2354	4,800.00
2394	21,960.60
2428	77,050.80
2533	4,800.00
2686	174,824.80
2690	41,311.20
3434	175,962.04
3436	62,771.00
3545	207,565.95
O-557	6,000.00
O-591	2,000.00
O-635	2,000.00
O-658	5,000.00
O-770	3,600.00
O-938	55,000.00

A-1227	6,500.00
A-1479	2,000.00
1930	1,400.00
3285	9,366.86
	$977,103.05

We are charging your account with this withdrawal. Kindly acknowledge receipt of enclosure.

Very truly yours,

W. H. BAILEY,
Supt. of Securities.

[fol. 451] (Exhibits C-67 and C-68.)

Filed in U. S. District Court June 4, 1940.

December 13, 1935.

American Life Insurance Co.,
Detroit, Michigan.

Attention: Claris Adams, Executive Vice-President.

Dear Sirs:

This Department is in receipt of your letter of December 9th, with reference to the potential disposal by you of certain Texas mortgages. It is also noted that you contemplate liquidating the balance of your loan with the R. F. C.

In our letter of recent date we invited your attention to the fact that the American Life is in need of additional security in this Department. At the present time the deficiency amounts to over $100,000.00 and requests for withdrawals are frequently coming in.

The withdrawal of the Texas mortgages would run the present shortage up to over $200,000.00, making it, even though for a short period too great to be approved. The Department is sympathetic with your desire to liquidate the R. F. C. loan as rapidly as possible, thereby releasing a large amount of excellent securities and it is our desire to cooperate with you insofar as we are permitted under the Iowa law. However the Commissioner does not look with favor on the proposition of permitting excessive shortages.

It it not thought that this deal could be closed with your Texas client in sufficient time to eliminate the information that any shortage exists in your annual statement as of December 31st.

We do, however, as I have before mentioned, desire to co-operate with you in this and all other matters tending to be helpful to your Company, and in this particular instance we believe that the mortgages in the sum of $102,695.04 could be shipped to your bank in Detroit to be held in escrow for a reasonable time, which would permit you to [fol. 452] close your deal. This without any expense whatever to this Department.

We are today in receipt of a request from Mr. John L. Rich, Secretary of your Investment, for loan papers in connection with:

Loan No. 3189—Gray.....$1600.00

We feel that this request cannot be granted until some action is taken by your Company in making up the shortage now existing in your reserve requirement.

We will be pleased to hear from you.

Yours very truly,

W. H. BAILEY,
Superintendent of Securities.

WHB:FD

[fol. 453] Exhibit C-78.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company
Clarence L. Ayres, President
Detroit.

December 1, 1932.

Received
Insurance Department of Iowa
Dec. 2, 1932.
E. W. CLARK,
Commissioner of Insurance.

Insurance Dept. of Iowa
212 Sixth Avenue
Des Moines, Iowa.

Attention: Mr. Ross,
Securities Clerk.

Dear Sir:

If your Department has any special form of Warranty Deed for real estate to be deposited with your Department,

we would appreciate your forwarding this form and any other information which would be of value as we are contemplating the deposit of several real estate parcels with your Department.

Yours very truly,

JOHN L. RICH,
Sec'y Investment Dept.

JLR:HW

[fol. 454] Exhibit C-79.

Filed in U. S. District Court June 4, 1940.

December 2, 1932.

American Life Insurance Company,
Detroit, Michigan.

Attention: Mr. John L. Rich,
Sec'y. Investment Department.

Gentlemen:

We are enclosing you a copy of the essential matter to be contained in deeds made to the Commissioner for lands which are to be considered as a part of the deposit of said company with this Department.

The following regulations given this class of deposits:

1. The deed must cover land which at a previous time was deposited as a mortgage loan covering the land.

2. The deed must be accompanied with the original application and appraisal sheets.

3. The Deed may be deposited only for the amount at which the mortgage loan was withdrawn from the deposits in this Department.

4. The deed must also be accompanied by a certificate of title showing good title by abstract examination, or title insurance, that the title was good in your Company at time of making deed.

It must also be accompanied by a certificate that all taxes, both special and regular, have been paid and that insurance is being carried on all insureable buildings on the premises.

The certificate last above mentioned must be renewed each year.

The deed must be recorded in the records of the County and State where the property is located before being forwarded to this Department for deposit.

Very truly yours,

Securities Clerk.

[fol. 455] Exhibit C-88.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President

Detroit.

August 20th, 1931.

Received Insurance Department of Iowa, Aug. 22, 1931.

E. W. CLARK,
Commissioner of Insurance.

Insurance Department of Iowa,
212 Sixth Avenue,
Des Moines, Iowa.

Attention: Mr. J. H. Loper,
Asst. Securities Clerk.

Gentlemen:

We regret very much that you do not see fit to send us the papers in Loan #O-1228-Utchenik, as we need these mortgage papers for the purpose of foreclosure.

We understand our Secretary has been corresponding with you in reference to our loans in Iowa, and of course, we hold that our reserve is not anywhere as near as much as the amount we now have on deposit on account of the policyholders having borrowed, in many instances, the full amount of the cash value of their policies, and we are in hopes that within the next few days these matters may be settled so that there will be no further difficulty or correspondence in regards to our deposit.

In the last three or four years we have converted so many of our loans into monthly pay loans, that we prefer to handle our deposit without sending these monthly payment loans, but if you insist upon additional security we can send you a bunch for we have about $4,000,000.00 of them. However, in this case it will be necessary that we send you a Bordereau each month showing the payments received and sometimes these cover several pages, which makes it rather inconvenient.

Yours very truly,

U. M. ALBIN,
Vice-President.

UMA:VCM

[fol. 456] Exhibit C-89.

Filed in U. S. District Court June 4, 1940.

September 3, 1931.

American Life Insurance Company,
Detroit, Michigan.

Gentlemen:

Under date of August 15th, you requested the release of all papers in your mortgage loan #O-2228-Utchenik—$25,000.00, and were advised by this Department under date of August 17th, that we desired additional security to cover this withdrawal.

Under date of August 24th, you requested the release of papers in your loan #2736—Seligman-Lerner-$4,500.00 and under date of August 31, you request papers in loan #2508—Brand—$11,000.00, a total of $40,500.00 withdrawals requested.

Inasmuch as your deposit is already below the amount required by law, we must ask you to send us the proper securities to replace these withdrawals and bring your deposits up to the required amount. No further release of securities will be made to you until this is done.

Very truly yours,

Securities Clerk.

LDR-Mc

[fol. 457] Exhibit C-92.

Filed in U. S. District Court June 4th, 1940.

American Life Insurance Company.

Clarence L. Ayres, President.

Detroit.

Filed Insurance Department
of Iowa Mar. 8, 1926.
Ray Yenter, Commissioner
of Insurance.

March 6, 1926.

Received
Insurance Department of Iowa
Mar. 8, 1926
Ray Yenter
Commissioner of Insurance

Insurance Department of Iowa,
Des Moines, Iowa,

Gentlemen:

Please mail to this office at your earliest convenience interest coupons due in April on the following mortgage loans:

No. Coup.			
	A-573-	O.A. Olson — Carl Larson —	$180.00
	A-906-	Clarence Clark	24.00
	A-956-	C. R. Atchley	210.00
	A-1141	R. E. Roberts-A. C. Krause	105.00
	A-1254	A. Redger	73.13
	A-1264	W. A. Nero-J. W. Ruettgers	200.00
	A-1298	J. L. Bodwell	225.00
	A-1335	J. L. Bedwell	540.00
	A-1336	J. L. Bedwell	195.00
	A-1346	John Bloomhall — Isaacson	60.00
	A-1347	John Bloomhall — Isaacson	60.00
	A-1366	Scott L. Conley — H. B. Bedwell	156.00
	A-1409	Henry C. Hitch	90.00
	A-1412	Edward Kurth	17.50
	O-622	Wm. A. McClure	150.00
	O-695	F. D. McBurney	120.00
	O-703	E. L. Thompson	420.00
	O-814	E. P. Berry	175.00
	O-956	Henry Ditges	130.00
	O-969	Walter Beardsley	275.00
	O-1165	A. Mort	192.50
	O-1179	Henry L. Wedel	35.00

Yours truly,

U. M. ALBIN,
Vice-President.

J

[fol. 458] Exhibit C-93.

Filed in U. S. District Court June 4, 1940.

March 8, 1926.

American Life Insurance Company,
Detroit, Michigan.

Gentlemen:

I herewith enclose and forward by registered mail, April 1926 interest coupons from mortgage loans belonging to your company and on deposit with this Department, all as per your request and list therefor dated March 6, 1926, except from loan:

#A-573—Olson, et al.

which has no coupons attached.

Very truly yours,

JWD-McL

Securities Clerk

[fol. 459] American Life Insurance Company

Clarence L. Ayres, President

Detroit

March 11, 1926.

Received
Insurance Department of Iowa
March 13, 1926
Ray Yenter
Commissioner of Insurance

Insurance Department of Iowa,
Des Moines, Iowa.

Gentlemen:

We wish to thank you for your favor of the 8th inst. enclosing April 1926 interest coupons from mortgage loans on

deposit with your Department, as per our list of March 6th, with the exception of Loan A-573-Olson, which has no coupon attached.

Yours very truly,

(Sgd.) GEO. E. LEONARD,
GEORGE E. LEONARD,
Auditor.

Filed Insurance Department of Iowa. Mar. 13, 1926. Ray Yenter, Commissioner of Insurance.

[fol. 460] Exhibit C-94.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Filed Insurance Department of Iowa April 2, 1926, Ray Yenter, Commissioner of Insurance

March Statement

Reserve As Of December 31st, 1925		$3,998,888 63	
Balance as of February 28th, 1926			$4,099,268 74
Deposited March 6, 1926			75,000 00
			$4,174,268 74
Credits:			
A-1344	Will R. Cannon	$1,000 00 P.P.	
O-797	Harry Rosenberg	50,000 00	
O-884	Joseph H. Tabor	1,250 00 P.P.	
O-1390	Chas. R. Ayres	250 00 P.P.	
O-1447	Harding-Gill	1,000 00 P.P.	
O-1560	Harding-Gill	1,000 00 P.P.	
O-1447	Harding-Gill	880 00 P.P.	
A-1279	Hans A. Hanson	250 00 P.P.	
A-1281	Hans A. Hanson	250 00 P.P.	
A-1219	John Skelley	4,000 00	
A-758	Wm. Scott	900 00 P.P.	
A-679	Mollie E. Rhodes	33 17 P.P.	
A-940	Hellen Green	3,200 00	
A-672	Willis W. Van Matre	2,000 00	
A-1383	Thomas C. Cayton	3,000 00	
O-536	E. C. Allen	2,000 00	
O-003	Edward Hayes	200 00 P.P.	
A-1141	R. E. Roberts	3,000 00	
A-533	Realty Mortgage Corp.	416 66 P.P.	74,549 83
Balance as of March 31st, 1926			4,099,718 91

The foregoing statement of account has been compared with the books of this office wherein is kept the deposit and withdrawal account of the American Life Insurance Company, and found to be correct, and the approved securities on deposit with this Department belonging to said company March 31st, 1926, were $4,099,718.91.

Dated at Des Moines, Iowa, April 2, 1926.

Securities Clerk, Insurance Department of Iowa.

[fol. 461] Exhibit C-95.

Filed in the U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President

Detroit.

Received Insurance
Department of Iowa
April 2, 1926,
Ray Yenter, Commissioner
of Insurance.

March 31, 1926.

Insurance Department of Iowa,
Des Moines, Iowa.

Gentlemen:

We are enclosing herewith statement showing balance of our account with your Department as of March 31st, 1926. Please return certified copy and oblige.

Yours truly,

U. M. ALBIN,
Vice-President.

J

[fol. 462] (Exhibits C-96 to C-99.)

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Detroit.

Received Insurance Department of
Iowa Aug. 5, 1926
Ray Yenter, Commissioner of
Insurance.

Clarence L. Ayres
President.

August 4, 1926.

Hon. Ray Yenter,
Commissioner of Insurance,
Des Moines, Iowa.

Dear Sir:

Your letter of August 2nd addressed to the attention of Auditor Leonard is brought to my personal attention, and of course we are very happy to have the opportunity to satisfy the Iowa Department concerning any securities owned by this Company at any time.

Concerning mortgages which we own in Willacy and Hidalgo Counties, Texas, I wish to give you the following information:

In the first place, this is a new country and is just being settled up. These lands have been sold in the brush for as low as $35.00 to $40.00 per acre, which of course accounts for their low valuation on the assessment rolls.

Eleven years ago there was nothing but a sheep path in the Counties.

For eleven years our Mr. D. D. Aitken of the Industrial Savings Bank, Flint, Michigan, member of our Board of Directors, has himself been loaning money in this section as the country gradually settled up on constantly rising values. Recently a farm of 160 acres on which he had a $2,000.00 loan, located within one and one-half miles of Raymondville, Texas, the County Seat of Willacy County, sold for $200.00 per acre, or $32,000.00 for the land on which he had a $2,000.00 loan. We now own this mortgage,

our Company having bought it from Mr. Aitken, and I think you have it on file in your Department.

Mr. John Weedman of Raymondville, Texas, owns 600 acres seven miles from Raymondville. Mr. Weedman originally came from Minnesota eleven years ago, and he told me that he sold his farm in Minnesota and took back a mortgage for half and used the proceeds of the cash payment to buy and equip his first 160 acres in Raymondville. [fol. 463] He told me last spring that he now owns 600 acres all paid for without a mortgage or encumbrance of any kind against it, all of which additional acreage above the original 160, he had paid for out of earnings on his farm, and that he had been paying the taxes and tailing up the fellow who bought his Minnesota farm on both interest and taxes for the last five years in order to keep from foreclosing that mortgage. Mr. Weedman further said to me that the whole difference between Minnesota farming and the section he is now in was that when the fellows up in that north country were shoveling snow he was harvesting crops, and in this connection it may interest you to know that the average yield of crop down there is about $50.00 to $60.00 per acre for onions, and about $50.00 per acre on the average for cotton; the net on the cotton is about $25.00 per acre, and the net on the onion is about $30.00 per acre, making the net yield of this land between $50.00 and $60.00 per acre per year. The cotton is planted in March and harvested in July and August. Onions are planted in September and harvested in February on the same acreage.

The top soil averages in depth about four feet with a heavy clay sub-soil, and the rain fall as shown by the United States Geological survey is about 29 inches per year.

Recently the Harding-Gill Company of Raymondville, Texas, bought a large tract of 45,000 acres of land in the brush, all in one block, in Willacy and Hidalgo Counties. They paid $35.00 per acre for this land in the timber. It cost them $30.00 per acre to clear the land. It cost them another $30.00 per acre to colonize and sell the land and bring the people in from Oklahoma and north Texas, Missouri, Arkansas and Tennessee. It cost them an additional $5.00 per acre to put water on the land and to plow it ready for crops.

They sell the land for $130.00 per acre, and we are loaning them $50.00 per acre on the first vendor lien or purchase money notes of the purchasers, with the Harding-Gill Company's endorsement. You will notice on these notes that we have the endorsement of the Harding-Gill Company and also the personal endorsement of Mr. W. A. Harding and Mr. S. L. Gill.

[fol. 464] I am enclosing herewith a financial statement as of June 30th of the Harding-Gill Company, and beg to advise that we required these endorsements from them because we had no definite information of the character of the makers of the notes, although the fact that we only loan to men who pay in cash at least one-half of the $130.00 per acre, is fairly good evidence of the character of the men who are making these purchases. A man who buys 100 acres of land at $130.00 per acre would pay $13,000.00. Before we loan to him he must be such a man as has paid at least one-half of this purchase price in cash, or $6,500.00, on a 100 acre purchase, and then we require Mr. Harding and Mr. Gill to endorse in manner above stated of his notes for the balance of the purchase money.

After the purchase is made they have to go ahead and build their own buildings, houses, barns, etc.

For your further information I would suggest that you write to Mr. John Weedman, member of the Willacy County Board of Commissioners, of Raymondville, Texas, to whom I have referred in the first part of this letter as owning 600 acres in that section, ahd have given you his experience there.

I would further refer you to the Raymondville State Bank of Raymondville, Texas, who are thoroughly familiar with land values in that section and are also familiar with the operations of Messrs. Harding and Gill.

I would further refer you to Mr. A. A. Lindahl who does some of our appraising and furnishes all of our certificates of clearing and improvements in connection with our operations there. Mr. Lindahl is a thoroughly reliable man financially, and otherwise owns considerable of this land in that section and lives in the County Seat of Raymondville.

For the general operations of our Company and its attitude on its investments and the character and ability of its management, I would refer you to Hon. A. C. Savage, former Commissioner of Iowa, who I am sure will in a general way be glad to inform you of the character and management of this Company, and the extreme care with [fol. 465] which we make our investments.

I have tried to give you the high-lights of information which prompted us to make some investments in this Section of Texas. Three years of operation in that country have proven highly satisfactory as we have never had a single item of delinquent interest and have had a great number of our loans repaid before they were due. Our Board of Directors began investing there three years ago on the recommendation of myself and Mr. Aitken, after I had visited the country in company with Mr. Aitken, and then last year one of our Vice-Presidents and a committee of our Board of Directors accompanied me to this region and made enthusiastic report of the country and approval of the plan under which we were operating there.

A very large percent of this Company's loans is on City property and it becomes a little difficult for us therefore to comply with the Iowa law to furnish securities for deposit of two and one-half times the value of the premises on City loans, especially on our conservative appraisals. Our Board of Directors have been loaning money for this institution for nearly twenty years and we have never had but three or four small foreclsoures on loans of our own direct making, aggregating less than $5,000.00 principal, while we had to foreclose nearly 30% of the loans taken over from the American Life of Des Moines. This latter is the one investment problem we have on our hands at this time, and as above stated our own investment methods have proven themselves nearly 100% successful over a period of twenty years.

We shall be glad to furnish you any added information you may desire at any time, and I am sure if you will write to the sources of information I have given you in this let-

ter, you will have every word that I have said to you herein confirmed.

Very truly yours,

C. L. AYRES,
President.

CLA/T

P. S. Further refer you to Mr. Henry S. Nollen, President of the Equitable Life of Iowa, who is familiar with the character and management of our Company.

CLA.

[fol. 466] Exhibit C-101.

Filed in U. S. District Court June 4th, 1940.

American Life Insurance Company

Clarence L. Ayres, President,

Detroit.

Received Insurance
Department of Iowa
Mar. 11, 1937,
Ray Murphy,
Commissioner of Insurance.

March 9, 1937.

Mr. C. C. Kirkpatrick, Actuary
Insurance Department of Iowa
Des Moines, Iowa

Dear Mr. Kirkpatrick:

About a month ago I wrote you, but my letter must have either gone astray or escaped your attention. I asked for two copies of the Iowa Code if you had a supply available, and also requested your advise on the following propositions:

1. Replacement of some of our deposit with Real Estate deeds, same to be deeds covering properties formerly under mortgage, which mortgages were at the time filed with the Iowa Department.

2. Whether it is permissible under present amended laws and department rulings to withdraw the securities on deposit, making no replacement of same.

Thanking you to advise me promptly, and with kind regards, I am

Very truly yours,

T. M. HEUSS,
Vice President.

TMH.H

[fol. 467] Exhibit C-105.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President.

Detroit.

November 11, 1926.

Filed Insurance Department of Iowa,
Nov. 13, 1926
Ray Yenter, Commissioner of
Insurance.

Registered

Insurance Department of Iowa,
Des Moines, Iowa.

In Re: Mortgage Loans.

Gentlemen:

We are enclosing herewith papers in the following mortgage loans for deposit with your department:

O-1076—John T. Russell Appraisement Note, Mortgage Insurance Cert. Judge Aldrich's opinion	$7,000 bal.
O-1059—A. Goldsmith Appraisement, Note, Mortgage, 2 Ins. Certs. Judge Aldrich's opinion	$12,000.00

O-895—Alex E. Gruenberg $ 4,000.00
Appraisement,
Note,
Mortgage,
Insurance Cert.
Judge Aldrich's opinion

Total Deposit $23,000.00

After you have checked these papers, will you kindly acknowledge receipt of same, and oblige

Yours truly,

GEORGE E. LEONARD,
Auditor.

GEL:V
Encl

[fol. 468] Exhibit C-106.

Filed in U. S. District Court June 4, 1940.

November 13th, 1926.

American Life Insurance Company,
Detroit, Michigan.

Gentlemen:

I am in receipt of papers in your mortgage loans:

#O-1076—Russell ....$ 7,000 balance
O-1059—Goldsmith 12,000.00
O- 895—Gruenberg 4,000.00

All papers in the above loans appearing in proper form and complete, same are approved and filed and the amounts entered in your deposit account in this Department.

Very truly yours,

JHL-McL Ass't. Securities Clerk.

[fol. 469] Exhibit C-107.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President,

Detroit.

Filed and Received,
Insurance Department of Iowa
Nov. 22, 1926,
Ray Yenter, Commissioner
of Insurance.

November 20, 1926.

Insurance Department of Iowa,
Des Moines, Iowa.

Gentlemen:

Will you please forward us all the papers held in connection with the following mortgage loan:

O-703—Thompson ....$12,000.

We have also received partial payment on the following mortgage loan:

O-1735—Menzies Real Homes Co.	$60,000
partial payment	1,800
	58,200.

We are today forwarding for deposit with your department mortgage papers in the amount of $64,000.

Yours truly,

GEORGE E. LEONARD,
Auditor.

V

[fol. 470] Exhibit C-108.

Filed in U. S. District Court June 4, 1940.

November 22nd, 1926.

American Life Insurance Company,
Detroit, Michigan.

Gentlemen:

I herewith enclose and forward by registered mail, all papers in your mortgage loan:

#O-703—Thompson $12,000.00

I also acknowledge receipt of your letter of the 20th inst., reporting payment on principal, mortgage loan:

#O-1735—Menzies Real Homes Co. $1,800.00

The amount is charged your account and credit memorandum filed with papers in said loan.

Kindly acknowledge receipt of enclosures.

Very truly yours,

JHL-McL Ass't. Securities Clerk.

[fol. 471] Exhibit C-109.

Filed in U. S. District Court June 4, 1940.

American Life Insurance Company

Clarence L. Ayres, President.

Detroit.

November 20, 1926.

Filed
Insurance Department of Iowa
Nov. 22, 1926
Ray Yenter
Commissioner of Insurance

Registered.

Insurance Department of Iowa,
Des Moines, Iowa.

Gentlemen:

We are enclosing herewith papers in the following mortgage loans for deposit with your department:

O-1095—Samuel K. Goldberg $14,000.00
Appraisement,
Note,
Mortgage,
4 Insurance Certificates,
George E. Leonard's opinion.

#1860—George A. Bee $20,000.00
Appraisement,
Note,
Mortgage,
2 Insurance certs.,
George E. Leonard's opinion,

#1862—William E. Bee $30,000.00
Appraisement,
Note,
Mortgage,
4 Insurance certs.,
Geo. E. Leonard's opinion.

$64,000.00

After you have checked these papers and find them o. k., will you kindly acknowledge receipt of the, and oblige

Yours truly,

GEORGE E. LEONARD,
Auditor.

GEL:V

[fol. 472] Exhibit C-110.

Filed in U. S. District Court June 4, 1940.

November 22nd, 1926.

American Life Insurance Company,
Detroit, Michigan.

Gentlemen:

I am in receipt of papers in your mortgage loans:

#O-1095—Goldberg $14,000.00
1860—Bee 20,000.00
1862—Bee 30,000.00

All papers in the above loans appearing in proper form and complete, same are approved and filed and the amount entered in your deposit account in this Department.

Very truly yours,

Ass't. Securities Clerk.

JHL-McL

[fol. 473] (Opinion of District Court.)

Filed in U. S. District Court, June 15, 1940.

United States District Court, Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

No. 65. vs. Civil

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

Findings of Fact

The principal and controlling facts were stipulated by the parties in writing and such written stipulations are adopted by the court as the Findings Of Fact.

There was some oral and documentary evidence introduced, but there was no controversial evidence, and this evidence also, insofar as it is relevant and material, is adopted as the facts by the court.

The court adds one finding of fact, as follows:

That on and prior to the 12th day of April, 1938, the American Life Insurance Company of Detroit, Michigan, was insolvent.

Opinion

This action is to determine the rights of possession and to administer securities of the face value of $3,578,252.11,

and the income therefrom after June 17, 1938, in the hands of the Commissioner of Insurance of the State of Iowa, as receiver of those securities, and formerly owned by the American Life Insurance Company of Detroit, Michigan.

[fol. 474] Prior to December 19, 1923, the American Life Insurance Company of Des Moines, Iowa, was a domestic Insurance company incorporated in Iowa and had operated as such for several years prior thereto. On August 24, 1921, December 27, 1922, and October 24, 1923, the American Life Insurance Company of Des Moines entered into contracts of reinsurance with the American Life Insurance Company of Detroit, Michigan. At that time certain statutory provisions regulating insurance companies were and are still in force, and in compliance with the provisions of those statutes, now Chapter 398 of the Code of Iowa of 1939, there was on deposit with the Insurance Commissioner of the State of Iowa to cover the net cash values of the policies of the American Life Insurance Company of Des Moines, as of October 24, 1923, securities of the face value of $3,397,205.00.

One of the statutes of this Chapter, now section 8663 of the Code of Iowa of 1939, provides that—

"The securities of a defaulting or an insolvent company, or a company against which proceedings are pending under Sections 8661 and 8662, on deposit shall vest in the State for the benefit of the policies on which such deposits were made * * * *"

As the reinsurance agreements were being made with a foreign insurance company, the interested [aurhorities] in the State of Iowa required and the contracts with the American Life Insurance Company of Detroit, Michigan, provided, among other things, that—

"The deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance * * * * issued by said American Life Insurance Company, of Des Moines, Iowa, * * * will be now and hereafter maintained at all times, * * * *"

And that—

"The transfer is made subject to the requirements of the statutes of the State of Iowa, relative to the deposit

with the Commissioner of Insurance of that State of securities * * * *"

This contract of reinsurance, in compliance with the further statutes of the State of Iowa, was made with the approval of high interested parties, as such reinsurance [fol. 475] with the above provisions was approved, not only by the officers of the company, but by the Governor, Attorney General and the Commissioner of Insurance of the State of Iowa and the Commissioner of Insurance of the State of Michigan.

The insurance policies which had been issued by the American Life Insurance Company of Des Moines all contained a printed statement that—"the full reserve on this policy is secured by deposit of approved securities with the State of Iowa."

And after the contract of reinsurance the American Life Insurance Company of Detroit, Michigan, issued to each policy holder which had been insured by an Iowa contract of insurance a certificate of assumption declaring that the American Life Insurance Company of Detroit in assuming the contract issued by the American Life Insurance Company of Des Moines would carry out all the provisions of said policy and perform all of the obligations therein contained. Thereafter in full compliance with the reinsurance contracts the American Life Insurance Company of Detroit, Michigan, maintained a deposit with the Insurance Commissioner of the State of Iowa equal to the net cash value of the policies issued by the American Life Insurance Company of Des Moines, and referred to as the Des Moines group.

On April 13, 1938, the Insurance Commissioner of the State of Michigan by an order of the District Court of Ingham County, Michigan, took possession of the American Life Insurance Company of Detroit as custodian, and on September 16, 1939, this court entered an order appointing the Commissioner of Insurance of the State of Michigan as permanent liquidating receiver of the American Life Insurance Company of Detroit.

On the 17th day of June, 1938, the Attorney General of the State of Iowa made application for and on October 30, 1939, an appointment of a receiver was made by the District Court of Polk County, Iowa, to take possession and control of the securities then in the hands of the Commissioner of Insurance of the State of Iowa, as provided by the statutes of that State. The face value of such securities were then $3,578,252.11.

[fol. 476] The receiver of the deposit of securities with the Commissioner of Insurance of the State of Iowa brought this action in rem to determine his title as against the defendants in this case.

Claim of John G. Emery, Commissioner of Insurance of the State of Michigan, as Receiver of the American Life Insurance Company of Detroit, Michigan.

The claim in general of this Receiver is that to permit the retention of the deposited securities by the Commissioner of Insurance of the State of Iowa as receiver for distribution in accordance with the statutes of the State of Iowa would amount to a preference in favor of the holders of insurance policies in the Des Moines group as against the other policy holders of the American Life Insurance Company of Detroit, Michigan.

It must be admitted that a legal contract was entered into between the two insurance companies and that the provisions with reference to the retention and distribution of the deposited securities must be carried out unless there is some legal or equitable reason why this should not be done. The Michigan receiver pleads and argues that the deposited securities should be turned over to the domiciliary receiver in Michigan, as the Michigan corporation was a foreign corporation and the Iowa statutes are not controlling as to possession and distribution; that the rights of the parties are to be measured by the contract between the parties, and that such contract was illegal and void as being ultra vires as far as the Michigan company was concerned, is discriminatory and against public policy; that there was a novation contract by the reinsurance; and that at least the secured deposits should be turned over to the Michigan receiver and questions raised as to the legality of the contract and the right of the Iowa In-

surance Commissioner to retain possession and control should be determined there and not in this suit or jurisdiction.

I am inclined to agree with the attorneys for the Michigan receiver that when the Iowa Insurance company transferred all of its assets to the Michigan insurance company and went out of business that the statutes of the State of Iowa alone did not control further proceedings by the [fol. 477] Michigan company and that the rights of the parties and of the holders of the policies is to be determined on the question of whether or not the contract of reinsurance was a valid and subsisting one and absolutely bound the policy holders in both the Des Moines group and those insured before and after the reinsurance contract by the Michigan company.

The Michigan receiver alleges and argues that the result of the reinsurance contract and the assumption certificates constitued novation contracts. There is no doubt but that they were new contracts so far as one of the parties to the insurance contracts was concerned, for the Des Moines insurance company gave up its identity and was dissolved while all of its obligations were assumed by the Michigan company. In this sense there was a new agreement between the policyholders and the new company; but I am unable to see any new contract as between the policy holders and the new company. Under the agreement the new company was to carry out and be bound by the agreements with the Iowa company with the same force and effect as though the company had remained in Iowa as a domestic corporation. During the period of time between 1923 and the receivership of the Michigan company the latter company carried out its agreement by depositing securities with the Iowa Commissioner of Insurance in an amount equal to the cash reserve value of the insurance policies of the Des Moines group and never questioned the contract assumed by it. And when we consider that the contract of reinsurance was approved by high officials of Iowa and the Commissioner of Insurance of the State of Michigan, it is hard to consider the contract as being against public policy.

That the contract was ultra vires is based upon a claim that the statutes of Michigan governing insurance com-

panies do not provide for any contracts that would permit discrimination between policy holders, but on the other hand contemplates equality for all policy holders of domestic companies of that State.

The charter of the Michigan company is not in evidence and there is no authority presented declaring such a reinsurance contract was ultra vires. But suppose it was ultra vires and void? Wherein thereby does the Michigan receiver become entitled to the possession of the securities on deposit [fol. 478] with the Commissioner of Insurance of Iowa? If the reinsurance contract was void, then the title to the securities never passed to the Michigan company and in such event before the Michigan receiver would be entitled to relief he must place the old policy holders in status quo. The Michigan company has done no more than exchange securities in the hands of the Commissioner during the period it had control of the Des Moines group policy holders business, and, if the contract was void, then at all times the Des Moines group policy holders have had their lien upon these securities in the hands of the Iowa Commissioner.

It is contended that the arrangement whereby the Commissioner of Insurance of the State of Iowa was to retain possession of certain assets belonging to the Michigan company constituted a trust for the benefit of certain policy holders of that company and thus created a discriminatory preference among its policy holders. However, the situation is different from what it would have been had the Michigan company originally created the deposit fund for certain of its policy holders as against others insured by the same company. Here the Michigan company desired to purchase the assets and assume the liabilities of the Iowa insurance company. In doing so it was faced with the requirement that to thus reinsure it must accept the contract with the policy holders as then existed. This included a deposit of assets for their protection in case of insolvency. The transaction was in the nature of a new company taking over assets with a lien thereon. In final distribution there is nothing inequitable in the court requiring valid liens to be paid prior to distribution equally of the remaining assets to creditors. The

contract of reinsurance did not endeavor to create a preference to some policy holders, but in the purchase of a new company's assets it took over those assets and assumed the liabilities as it found them.

The argument that there was a trust arrangement includes a demand that all the technicalities regarding a trust should be present before it could be valid and that in this case the beneficiaries were not definite. The beneficiaries were not only definite, but by computation the exact amount due each beneficiary can be easily ascertained.

[fol. 479] Reliance is placed upon the decisions of the Supreme Court of the United States and other federal courts to the effect that a national bank may not guarantee certain of its depositors as against others and that to do so would be ultra vires on the part of the bank and void. Those cases however were considering quite a different situation than we have here and interpret different statutes that prevents them being authority that this contract was ultra vires.

Reliance is also placed upon the annual statements made by the American Life Insurance Company of Detroit to the Insurance Commissioner of that State and by him sent to the insurance commissioners of the several states in which that company was doing business wherein it was reported that there were no special deposits that were not held for the protection of all the policy holders of the company. It is questionable whether or not at the time these reports were made that they were false or misleading. It was no doubt difficult for the insurance company of Detroit and the Insurance Commissioner of that State to determine just what was the status of the deposits with the Commissioner of Insurance of the State of Iowa. They were capital assets of the company, but were only for the protection of the Des Moines group if and when there was insolvency. As long as the company was solvent the assets were for the protection of all the policy holders of the company. In 1937, when it appeared that the company might be insolvent, the report correctly reflected the true situation regarding these deposits and it is hard to believe that the reason for the large deposits was not known to and fully appreciated by the Commissioner of Insurance of the State of Michigan

as well as by the commissioners of other states. There is no showing or claim that these reports ever came into the hands or were relied upon by the purchasers of the Insurance of the American Life Insurance Company of Detroit.

I am unable therefore to find any reason why the contract between these two companies was not valid and subsisting that would prevent the enforcement of that contract by the Commissioner of Insurance of the State of Iowa.

[fol. 480] But it is strenuously insisted that even if this is a proper determination, yet this can only be determined by the domiciliary court of the residence of the Detroit company. If we consider the contract however as valid, subsisting and enforceable, then, under its terms, the statutes of Iowa are applicable to the deposit with the Commissioner of Insurance of the State of Iowa, and under those statutes the deposit vested in the State of Iowa for the benefit of the policy holders in the Des Moines group, not only on the commencement of the proceedings pending to appoint a receiver in the State of Iowa, but "as soon as the insurance company became insolvent."

Under the findings of fact then of this court these deposits became vested in the State of Iowa prior to the institution of any suit in Michigan. The Iowa court took possession and control not of all assets in Iowa of the Michigan company in an ancillary proceeding, but as a primary proceeding for the purpose only of administration on the deposit in the hands of the Commissioner of Insurance of Iowa in accordance with the statutes of Iowa which, as above determined, were a part of the contract between the insurance companies and the holders of the insurance policies. If this is a correct hypothesis, then the Michigan court never had actual or constructive possession of these deposited securities for administrative purposes.

Claims of the American United Life Insurance Company.

This company, since the taking over of the American Life Insurance Company of Detroit by the receiver, entered into a contract of assumption, reinsurance or liquidation. This company has taken the same position and presented the same reasons why the deposit in the hands of the Commissioner of Insurance of Iowa should be turned over to

the Detroit receiver as was taken by that receiver in this hearing. In addition thereto it is the claim of this company that its reinsurance agreement with the receiver again created a novation contract as between it and the policy holders and terminated any agreements that could be considered preferential to some of the policy holders of that company. This is based upon a reasoning that none of the [fol. 481] policy holders now in force have objected to the contract between the American Life Insurance Company and the American United Life Insurance Company and hence there is another novation agreement.

It seems to me that this position is answered by Article 36 of the agreement referring especially to these Iowa deposits and reciting that the United Life Insurance Company would be bound by the constructions placed by the courts upon the disposition of these securities. If the policy holders did not dissent from the plan of this reinsurance contract when this provision with reference to having the courts determine the right of their policies was specially contained therein, it could hardly be considered as a new contract, dispensing with the obligations of the former contract. In not dissenting from the agreement of the United Life Insurance Company to reinsure the Des Moines Group did not waive its lien, or former contractual rights.

Claim of Dan E. Lydick, Texas Receiver of the American Life Insurance Company of Detroit.

This receiver was appointed ancillary to the proceedings of the receivership of Michigan upon the application of two policy holders. The receiver was appointed on July 29, 1938. This receiver was appointed to take charge of any property of the American Life Insurance Company of Detroit located in the State of Texas. The receiver claims that by this appointment he was entitled to the proceeds from any choses in action where the remedy for collection is in the State of Texas, whether he was in possession of the evidences of indebtedness or not, and he has collected from the residents of Texas a large amount of indebtedness evidenced by the securities in the hands of the Commissioner of Insurance of the State of Iowa.

This position of the receiver in Texas is based upon the theory, first, that the application for the receiver in Texas,

as well as that in Michigan, having been instituted prior to the action for the appointment of a receiver in Iowa the Texas and Michigan courts have drawn to themselves the corpus of the property of the American Life Insurance Company of Detroit in their respective states; and second, [fol. 482] that debts due from residents of Texas are property in Texas for the purpose of conferring jurisdiction on the Texas court notwithstanding the notes themselves may be in the hands of nonresidents. This receiver relies upon a general rule of law that for the purpose of founding administration and for remedy on contract debts the situs of such debts is at the domicile of the debtor.

It is unnecessary to go into these questions because the securities in the hands of the Commissioner of Insurance of the State of Iowa had prior to either of these receiverships by contract become vested in the State of Iowa. None of these deposits therefore in the hands of the Commissioner of Insurance of Iowa belonged to the Michigan receiver as they had vested in the State of Iowa before the receiver was appointed and therefore there was no ancillary debts of these Iowa held securities in the State of Texas that could be taken over by this ancillary administration. It cannot be said that the State of Iowa or the Commissioner of Insurance of the State or this deposit fund in the hands of the Commissioner was insolvent at the time of the institution of the proceedings in Texas and no reason existed for the appointment of a receiver in the State of Texas to administer upon these securities held by the Commissioner of the State of Iowa. This question was also raised between these same parties in a proceeding before the United States District Court for the Northern District of Texas on May 20, 1940; that court expressly holding that the situs of these deposit securities were in the State of Iowa.

It may be that the situs of a debt for administration and remedial purposes is at the place of the residence of the debtor, but a solvent creditor has a right to choose his forum and his own means of enforcing collection of that debt in another State and no one in that other State may without his consent volunteer to do so for him.

Finding as I do that the original contract of reinsurance was valid and subsisting at all times from and after its con-

summation and that the deposits in the hands of the Commissioner of Insurance vested in the State of Iowa, it would appear that the plaintiff is correct in the position taken and he is entitled to the relief demanded.

[fol. 483] Neither can I see anything in the contention of the defendants that this court and the courts of Iowa are without jurisdiction in these proceedings. As I have heretofore held and as I have tried to point out herein the State is attempting to protect by a primary receivership property in the hands of the State of Iowa.

The action brought by the plaintiff is one in rem and the defendants have not only answered, but the defendant John G. Emery, Commissioner of Insurance of the State of Michigan, as permanent liquidating receiver, and the American United Life Insurance Company, have filed counterclaims asking that the funds in the hands of the Insurance Commissioner as receiver be delivered to them and the receiver for the American Life Insurance Company in Texas asks for general equitable relief. It therefore appears that not only has this court jurisdiction of the subject matter but also of the parties.

The argument of the attorneys for the Michigan receiver and for the American United Life Insurance Company, that as this case is in equity, the court should in a receivership proceeding, adopt the maxim that "equality is equity," so that all the holders of policies of insurance under contract with the American Life Insurance Company of Detroit should have an equality in the disposition of the funds of that company, is persuasive in showing perhaps that a greater equality to all concerned would thus be obtained; but there is another maxim of equity that "equity follows the law," which is controlling. The principal question of determination in the legality of the contract of reinsurance made in 1923 and, if it is legal and binding, I can see no escape from the requirement that the court must follow the law, no matter if that law prevents an equal distribution to all policyholders.

I therefore make the following Conclusions Of Law:

1. That the original proceedings in this court is an action in rem to which the parties have filed written answers and counterclaims or asked for affirmative relief and this

court has jurisdiction of the subject matter and of the parties.

2. That prior to December of 1923 the policy holders with the American Life Insurance Company of Des Moines, [fol. 484] Iowa, had on deposit with the Commissioner of Insurance of the State of Iowa securities in a face amount equal to the net cash value of their policies.

3. That in December of 1923 the American Life Insurance Company of Des Moines made a reinsurance contract with the American Life Insurance Company of Detroit, Michigan, and that this contract was at that time and has been since valid and subsisting.

4. That by the reinsurance contract of 1923 the American Life Insurance Company of Detroit, Michigan, agreed to maintain the deposit equal to the cash surrender value of these policies at all times with the Commissioner of Insurance of the State of Iowa and that company carried out the terms and provisions of that agreement up to the time of the appointment of the receiver for the Michigan company by the courts of that State.

5. That in accordance with said agreement of reinsurance the securities in the hands of the Insurance Commissioner of the State of Iowa did, upon insolvency and prior to any proceedings for the appointment of a receiver in the State of Michigan, vest in the State of Iowa for the benefit of the policy holders for which such deposits were made.

6. That these deposits were made for the benefit of the policy holders known as the Des Moines Group and were recognized and approved by the contracts of reinsurance in 1921, 1922 and 1923.

7. That there was duly commenced in the State Courts of the State of Iowa an application by the Attorney General of the State of Iowa, acting under Iowa statutes and the contract of reinsurance above referred to, asking to administer this fund in the hands of the Iowa Commissioner of Insurance and such a receiver was appointed, not as an ancillary receiver of the American Life Insurance Company of Detroit, Michigan, but as an independent receivership proceedings, and by that proceedings the State court of Iowa has drawn to itself and has exclusive jurisdiction and

control of all of these securities deposited with it as provided by the reinsurance agreement and the statutes of the State of Iowa.

8. That the Iowa receiver has the sole and exclusive right to administer these funds, both because of the statutes of Iowa and because of the reinsurance contracts above referred to.

[fol. 485] 9. That the reinsurance contract has been recognized and approved not only by high officials of the State of Iowa but by the Commissioner of Insurance of the State of Michigan at all times from the time of the date of the reinsurance contract to the time of the appointment of the receiver for the Michigan company; and such contract is not void as being a novation, ultra vires or discriminatory.

10. That the Iowa receiver has the sole and exclusive right to retain, collect and distribute or liquidate in the manner provided by the Iowa statutes the money and securities in the possession of the Iowa Commisisoner of Insurance and as the property of the State of Iowa at the time of the commencement of the proceedings for the receiverships in the State courts of Iowa.

11. That in the collection of assets belonging to the State of Iowa, and the Commissioner of Insurance of the State of Iowa as receiver, the Texas receiver has acted without authority or color of right or title; and the situs of these securities and the debts secured thereby is in the State of Iowa, and has never been in the State of Texas.

12. That these defendants should be held to be barred and stopped from interfering in any way with the collection of the debts evidenced by the securities in the hands of the Commissioner of Insurance of the State of Iowa as Receiver and forthwith account to him for the collection of the proceeds of any such securities.

13. That the plaintiff is entitled to the relief demanded.

The attorneys for the plaintiff may prepare a decree in conformity with these conclusions of law and this decision.

Defendants except.

Signed at Des Moines, Iowa, this 15th day of June, 1940.

CHAS. A. DEWEY,
United States District Judge.

[fol. 486] Decree.

Filed in U. S. District Court, June 24, 1940.

In the District Court of the United States for the Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

File No. 65. vs. Civil Action.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan; and

Dan E. Lydick. Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

This cause came on to be heard on June 3, 1940 being the April 1940 Term of this Court, and was argued by counsel; and thereupon upon consideration thereof it was Ordered, Adjudged And Decreed, as follows, viz:

1. That the plaintiff Iowa Receiver has the sole and exclusive right to administer for the benefit of the policyholders whose policies originated in the American Life Insurance Company of Des Moines, Iowa, and were in force on April 12, 1938, the deposited securities now in his possession, a list of which deposited securities as of April 12, 1938, is attached hereto, marked Exhibit "A" and made a part hereof.

2. That the situs of the deposited securities and the debts secured thereby is in the State of Iowa.

[fol. 487] 3. That on April 12, 1938, title to all of the securities of American Life Insurance Company of Detroit, Michigan, deposited with the Insurance Commissioner of the State of Iowa vested in the State of Iowa for the benefit of the policyholders whose policies originated in the American Life Insurance Company of Des Moines, Iowa, and were in force on said date.

4. That the plaintiff Iowa Receiver is entitled to all of the principal, income, interest due and accrued and all advancements and capitalized amounts due and accrued on the deposited securities as of April 12, 1938.

5. That the receivership pending in the District Court of Polk County, Iowa, is an independent proceeding and not ancillary to the receivership proceedings in Michigan, and the District Court of Polk County, Iowa, has exclusive jurisdiction and control for the administration, pursuant to the statutes of the State of Iowa, of all of the securities deposited with the Insurance Commissioner of the State of Iowa, title to which vested in the State of Iowa for the benefit of the policyholders for which such deposits were made.

6. That the defendant John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, deliver to plaintiff forthwith all cards, books and records or true copies thereof pertaining to the policies originating in the American Life Insurance Company of Des Moines, Iowa, and in force on April 12, 1938.

7. That the said defendant Emery deliver to plaintiff forthwith all books, records and papers, including deeds, abstracts, extension agreements and correspondence, per- [fol. 488] taining to the securities on deposit with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

8. That said defendant Emery account to and pay over to plaintiff forthwith all principal and income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa, including all capitalized amounts, taxes advanced and interest accrued as of April 12, 1938, to the date of this decree.

9. That the counterclaim of said defendant Emery be and it is dismissed.

10. That the defendant American United Life Insurance Company deliver to plaintiff forthwith all cards, books and records or true copies thereof pertaining to the policies originating in the American Life Insurance Company of Des Moines and in force on April 12, 1938.

11. That said defendant American United Life Insurance Company deliver to plaintiff forthwith all books and records, including deeds, abstracts, extension agreements and correspondence, pertaining to the securities on deposit with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

12. That said defendant American United Life Insurance Company account to and pay over to plaintiff forthwith all principal and income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa, including all capitalized amounts, taxes advanced and interest accrued as of April 12, 1938, to the date of entry of this Decree.

13. That the counterclaim of said defendant American United Life Insurance Company be and it is dismissed.

[fol. 489] 14. That the defendant Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit in Texas, deliver to plaintiff forthwith all books and records, including deeds, abstracts, extension agreements and correspondence, pertaining to the securities deposited with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

15. That said defendant Lydick account to and pay over to plaintiff forthwith all principal and income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa.

16. That the defendants and each of them, be and they are enjoined and restrained from collecting either principal or income on the deposited securities in the possession of plaintiff and from interfering in any way with the administration of said securities in the possession of the plaintiff.

17. Jurisdiction of this cause is retained in this Court for the purpose of enforcing the conditions of this Decree and of any further order made herein, and any party to this proceeding may apply to the Court for further orders and directions.

18. That the Clerk tax the costs of this action against the defendants.

19. That a copy of this Decree be certified by the Clerk and served by registered mail upon each of the defendants in this suit.

Defendants and each of them except.

Dated this 24th day of June, 1940.

CHAS. A. DEWEY,
United States District Judge.

Exhibit "
Mortgage Lo

State	Am. Life Ins. Co. Loan No.	Name And Address Of M
Indiana	3461	Mary J. Niblick Decatur, Indiana
	3503	Julius & Robert A. Houg Decatur, Indiana
	3609	Grover C. and Grace C. Wainscott Rochester, Ind.
Iowa	1375	A. C. Sivers Carson, Iowa
Kansas	872	George W. and Alta S. Finnup
	3627	A. E. Bohn Rollo, Kansas
Michigan	2	Irene A. and Catherine V Fisher, 3418 Warren Ave Detroit, Michigan
	365	W. C. Plummer 3504 Montgomery Avenu Detroit, Michigan
	796	Louis P. and Sarah E. Sweetwine 4254 2nd Avenue Detroit, Michigan
	895	Talbot and Constance F. Smith, Box 81, R. 2 Tucson, Arizona
	1091	Verne C. Joslyn, Executo estate of Julie E.R.Stew 1935 W. Burlingame Detroit, Michigan
	1284	Joseph P. Maloney 74–80 Sibley Street Detroit, Michigan
	1385	Margaret Edwards 14520 Ashton Avenue Detroit, Michigan
491]	1390	Dearborn Apartment Co Home Office American L Company, Grace E. Tho Secretary

A" ans	
	Location of Premises And Kind of Property
Iortgagor	
	Decatur, Indiana Business & Residence
gk	Decatur, Indiana Business Bldg.
	120 E. 8th Rochester, Ind. Store Bldg.
	Pottawattamie County Farm
	Finney County Farm
	Morton County Farm
V.	1046 Warren St. W. Detroit, Michigan Residence
e	Montgomery Avenue Residence
	2nd Blvd. Detroit, Michigan Residence
	Connecticut Ave. Highland Park, Mich. Residence
or art	205 Monterey Avenue Highland Park, Mich. Residence
	78 Sibley Street Hotel, Detroit
	8690 12th Street Detroit, Michigan Business
rp. ife npson	Monroe Street Dearborn, Michigan Apartments

	1284	Joseph P. Maloney 74-80 Sibley Street Detroit, Michigan	78 Sibley Street Hotel, Detroit
	1385	Margaret Edwards 14520 Ashton Avenue Detroit, Michigan	8690 12th Street Detroit, Michigan Business
[fol. 491]	1390	Dearborn Apartment Corp. Home Office American Life Company, Grace E. Thompson Secretary	Monroe Street Dearborn, Michigan Apartments
	1434	Wm. H. McBryan & Laetitia C. McBryan, 826 LaFayette Bldg. Detroit, Michigan	N.W.Cor. Kercheval & Lakeview Aves. Detroit, Michigan
	1463	Dearborn Apartment Corp. Home Office American Life Company, Grace E. Thompson, Secretary	Porter St. Dearborn, Michigan (Between Beech & Park Apartment
	1505	Dearborn Apartment Corp. Home Office American Life Company, Grace E. Thompson, Secretary	Dearborn, Michigan Apartment
	1640	Harold P. Trosper & James W. Glover, 1701 1st Nat. Bank Bldg., Detroit	5112 Oakman Blvd. Springwells, Michigan Apartments
	1684	Center Building Company 809 F. P. Smith Bldg. Flint, Michigan	98-104 S. Saginaw St. 201-215 N. Saginaw St. Flint, Michigan Business Bldg.
	1695	Harold P. Trosper & James W. Glover, 1701 1st Nat. Bank Bldg., Detroit, Mich.	5120 Oakman Blvd. Springwells, Mich. Apartments
	1745	F. Herbert & Isabel L. Martin, 955 E. Jefferson Detroit, Michigan	1030 Van Dyke Avenue Detroit, Michigan Dwelling
	1749	Vernon W. & Boadicea P. Aikins, 1010 Parnell Ave. Sault Ste. Marie, Mich.	1010 Parnell Ave. Sault Ste. Marie, Mich.
	1752	Harold P. Trosper & James W. Glover, 1701 1st Nat. Bank Bldg., Detroit, Mich.	5104 Oakman Blvd. Springwells, Mich. Apartments
	1860	George A. Bee & Helen J. Bee 2778 E. Grand Blvd. Detroit, Michigan	1646 Chicago Blvd. Detroit, Mich. Dwellings
	1938	Fischer & Company 24th Floor Fischer Bldg. Detroit, Mich.	N.W.Cor. West Grand Blvd. & 3rd Ave. Detroit, Mich. Apartment Hotel
	1944	Margaret L. Woods 4737 LaFayette Blvd. Detroit, Michigan	822 Ferdinand Ave. Detroit, Michigan Flats

[fol. 492]	1961	Lucy E. Daly 3773 Blaine Avenue Detroit, Michigan	3773 Blaine Avenue Detroit, Michigan Residence
	1966	Albert S. & Edgar W. Glasgow 139–145 Michigan Ave. Jackson, Michigan	139–145 Michigan Ave. 134–140 E. Courtland St. Jackson, Michigan Business Bldg.
	2063	Ann Arbor Asphalt Constr. Co. 221 Filch St. Ann Arbor, Mich.	712–728 Beniteau Ave. Detroit, Mich. Apartments
	2340	Benton Harbor Masonic Association Benton Harbor, Mich.	Mason Temple Block Benton Harbor, Mich. Lodge Bldg.
	2349	James L. & Flora E. Hensen 1115 Garland Avenue Flint, Michigan	522–524 5th Avenue Flint, Michigan Residence
	2558	Ernest E. Sayles 2525 Hiland Detroit, Michigan	925 E. 8th Street Flint, Michigan Residence
	2559	Ernest E. Sayles 2525 Hiland Detroit, Michigan	812 E. 9th Street Flint, Michigan Residence
	2589	Charles W. Young & Jennie G. his wife 421 W. 2nd St., Flint, Mich.	419–421 W. 2nd Street Flint, Michigan Residence
	2628	Alta Beach Edmunds 714 Clifford Street Flint, Michigan	931 Detroit Street Flint, Michigan Residence
	2660	Cyrus M. Pierce & Bertha S. Pierce Vassar, Mich.	1128 Chippewa St. Flint, Michigan Residence
	2662	Norah D. Root 1450 New York Ave. Flint, Mich.	1450 New York Avenue Flint, Mich. Residence
	2669	Roy J. Griffin & Marjorie E. 521 Commonwealth Ave. Flint, Michigan	521, 525 Commonwealth Ave. Flint, Mich. Dwelling
	2718	Edwin J. & Emma E. Roberts Central Park Danville, Illinois	215 E. Rankin St. Flint, Mich. Residence
	2769	Geo. W. Dunn, Jr. & L.B., wife, 1st C. A. (A.A.) Fort Sherman, Canal Zone	1828 Vinewood Blvd. Ann Arbor, Mich. Residence
[fol. 493]	2802	Mrs. Clara Umpstead 417 Chase St. Flint, Mich.	417 Chase St. Flint, Michigan Residence

[fol. 493]	2802	Mrs. Clara Umpstea 417 Chase St. Flint, Mich.	417 Chase St. Flint, Michigan Residence
	2808	William Mertz Penobscott Bldg. Detroit, Michigan	Grosse Point Shores Lochmoor & St. Clair Shores, Detroit, Mich. Lots.
	2823	Oscar E. Thomas 717 E. 12th St. Detroit, Michigan	2234 Adams Avenue Flint, Michigan Residence
	2846	Edgar N. Rogers & Clara B. Rogers, 927 Blanchard Flint, Michigan	1434 Davison Road Flint, Michigan Residence
	2879	A. E. George 772 Wood St. Flint, Michigan	772 E. Wood St. Flint, Michigan Residence
	2959	H. T. Kinley 522 West Baker St. Flint, Michigan	123 West Taylor Ave. Flint, Michigan Residence
	2986	William M. Mertz Penobscott Bldg. Detroit, Michigan	980 Lake Shore Road Gross Point Shores Detroit, House & lot
	3346	John F. Wilson St. Joseph, Michigan	313–319 State St. St. Joseph, Mich. Stores
	3449	Martha M. Drake 15600 Windmill Point Detroit, Michigan	Oakland County, Mich. Lake Angeles Shores Vacant Lots
	3526	Ralph H. & Ethel W. Hamblen 4060 Clairmont Ave. Detroit, Michigan	240 E. Garfield Ave. Detroit, Michigan Residence
	3630	Florence Walker Sattley & Hale V., 915 Hammond Bldg. Detroit, Michigan	430 Lakeland Avenue Gross Point, Mich. Residence
	3760	Vincent D. Cliff 2980 West Grand Blvd. Detroit, Michigan	N. W. Cor. Milwaukee & 3rd Ave., Detroit Mich., Rooming House
	3767	Saul & Sophie Katz 2083 National Bank Bldg. Detroit, Michigan	459 Henry Street Detroit, Michigan Apartments
	3770	Nathan Lee 4061 Hamilton Ave. Detroit, Michigan	3751–3753 Edison Ave. Detroit, Michigan Residence

[fol. 494]	3792	Alice Thayer 923 LaPeer St. Flint, Mich.	924 Lapeer St. Flint, Mich. Residence
Minnesota	199	George W. Weeber Route 2, Goshen, Indiana	Red Lake County Minn. 160 A. farm
Montana	833	John E. & Alpha B. Benjamin Albion, Mont.	County of Fallon, Mont. 815.87 A. farm
	1181	George L. & Annie S. Carlton Nibbe, Montana	Yellowstone County Mont. 320 A. farm
North Dakota	3764	Harry Anderson & Hilda, his wife, Willow City, N. D.	McHenry, N.D. 160 A. farm
Oklahoma	556	H. F. & A. E. Gann Milburn, Oklahoma	Johnston County Oklahoma, 80 A. farm
	570	Ernest Haggard Durant, Oklahoma	Bryan County Oklahoma 112.98 A. farm
	659	Joseph Mosser, Route 1, Box 90, Durrant, Okla.	Bryan County, Okla. 180 A. farm
	939	John N. & Eugenia F. Jones his wife, 510 Insurance Bldg. Oklahoma, City, Okla.	Cadde County, Okla. Farm 160 A.
	1167	J. D. Nichols and Dellie his wife, R.R., Bennington, Okla.	Bryan County, Okla. Farm 110 A.
	1267	Edna S. & henry Carpenter Hugoton, Kansas	Texas County, Okla. Farm 160 A.
	1270	J. C. Byers & E.E. Miller Guyman, Oklahoma	Texas County, Okla. Farm 320 A.
	1369	L.R. & Ida M. Spears Goodwell, Oklahoma	Texas County, Okla. Farm 160 A.
	1386	Roger J.C. & Mannah Woodward Elkhard, Kansas	Texas County, Okla. Farm 160 acres
	1453	W. J. & Edna Hughes Guyman, Oklahoma	Texas County, Okla. Farm 320.16 A.
	1479	W. E. & Vallaria Utterback Durant, Oklahoma	Bryan County, Okla. Farm 200 acres
	1483	B. G. & Nellie Brown Durant, Okla.	Bryan County, Okla. Farm 220.67 acres
	1628	J. M. Bailey Britton, Okla.	Grady County, Okla. Farm 205.23 acres
[fol. 495]	1667	J. E. Friesen Hooker, Okla.	Texas County, Okla. Farm 320 acres
	3635	A. J. & Sabe E. Strange 600 North Broadway	Kiowa County Farm 160 acres
	3643	C. E. & Pearl Wilson 1st National Bank Hooker, Okla.	Texas County, Okla. Farm 160 acres

		[illegible]	Farm 320 A.
	1479	W. E. & Vallaria Utterback Durant, Oklahoma	Bryan County, Okla. Farm 200 acres
	1483	B. G. & Nellie Brown Durant, Okla.	Bryan County, Okla. Farm 220.67 acres
	1628	J. M. Bailey Britton, Okla.	Grady County, Okla. Farm 205.23 acres
[fol. 495]	1667	J. E. Friesen Hooker, Okla.	Texas County, Okla. Farm 320 acres
	3635	A. J. & Sabe E. Strange 600 North Broadway	Kiowa County Farm 160 acres
	3643	C. E. & Pearl Wilson 1st National Bank Hooker, Okla.	Texas County, Okla. Farm 160 acres
	3644	J. C. & Florence Youngblood R. R. #1, Mead, Okla.	Bryan County, Okla. Farm 80 acres
	3693	Frank & Blanch Powell & Howard T. & Johnie Holmes, Durant, Okla.	22,224 Beach St. also 310 N. 3rd Ave. Durant, Okla. 3 residences
	3771	H. L. & Mamie Taylor Frederich, Okla.	Tillman County, Farm 80 acres
	3772	B. L. & Margaret Baskett Antlers, Oklahoma	Choctaw,County Farm 430 acres
	3778	O. R. & Roberta Salmon Durant, Oklahoma	Marshall County, Okla. Farm 40 acres
	3781	Henry Wacker, Jr. Guymon, Oklahoma	Texas County Farm 160 acres
	3784	R. E. & Paul T. Rutherford Tishomingo, Oklahoma	Johnston County Farm 160 acres
	3785	Charles Hill, Jr. R.R. # 2 Grandfield, Okla.	Tillman County, Okla. Farm 320 acres
	3794	Nettie Dowell Durant, Okla.	Bryan County Farm 20 acres
	3799	Elmer & Maud Williams Durant, Oklahoma	Bryan County, Farm 180 acres
South Dakota	1102	Mrs. Leah P. Hoback & Garnet, her husband New Haven, Wyoming	Butte County South Dakota Farm 160 acres
Texas	XXXX 1558	L. O. & Effie Maddox 3425 Avenue F Fort Worth, Texas	3425 Ave. F Fort Worth, Texas Residence
	1694	J. E. & Jessie M. Johnson Raymondsville, Texas	Willacy County, Texas Farm 40 acres
	1710	John & Katie Wilde Lasara, Texas	Willacy County Farm 160 acres

[fol. 496]	1712	John & Katie Wilde Lasara, Texas	Willacy County Farm 160 acres
	1713	J. E. & Jessie M. Johnson Raymondsville, Texas	Willacy County Farm 40 acres
	1795	Mrs. D. H. Searcy 1735 E. 13th St. Place Tulsa, Oklahoma	Hidalgo County Farm 28 acres
	1806	Miss Bessie L. Moes 510 — 4th St., Orange, Texas	Willacy County Farm 40 acres
	1843	C. &.M. Blaskowsky Box 372, Hargill, Texas	Hidalgo County Farm 30 acres
	1928	Laura Hardin, 2601 Kinkhead Fort Smith, Arkansas	Hidalgo County Farm 40 acres
	1946	B. V. & Helen Rains Raymondsville, Texas	Willacy County Farm 80 acres
	2021	A. J. Haley Edcouch, Texas	Hidalgo County Farm 40 acres
	2448	W. F. Charbonneau. 2123 Josephinetta St. Fort Worth, Texas	2123 Josephinetta St. Fort Worth, Texas Residence
	2449	E. A. & Nellie Bellis 1111 E. Houston St. Sherman, Texas	516 S. Travis St. Sherman, Texas
	2525	Charles F. & Maxine Clayton 2329 Mistletoe Ave. Fort Worth, Texas	2329 Mistletoe Avenue Fort Worth, Texas Residence
	2544	J. B. & L. D. Stallings Fort Worth, Texas	3109 Ave. G Fort Worth Apartments
	2557	R. J. Edwards Denton, Texas	1019 N. Elm, Denton Residence
	2644	Mrs. Nettie Herring 1414 N. Huston Ave. Fort Worth, Texas	1414 N. Huston Ave. Residence
	2714	J. T. & Clara Somerville 309 College Ave., Ft. Worth	614 Frey, Fort Worth Residence
	2744	T. P. Tracy and Anna, his wife, Holmes Building Ft. Worth, Texas	2912 Ryan Ave., Fort Worth Residence
	2764	T. W. Howeth & Tolloe Howeth 1200 West Persedo Ave. Fort Worth, Texas	2214 East Terrell Fort Worth Residence
[fol. 497]	2792	John H. Kerr Sherman, Texas	See description House and Lot
	2796	S. A. Billingsly 508 1st Nat. Bank Bldg. Fort Worth, Texas	3601 Ada Street Fort Worth Residence

		... Worth, Texas	Residence
	2764	T. W. Howeth & Tolloe Howeth 1300 West Persedo Ave. Fort Worth, Texas	2214 East Terrell Fort Worth Residence
[fol. 497]	2792	John H. Kerr Sherman, Texas	See description House and Lot
	2796	S. A. Billingsly 508 1st Nat. Bank Bldg. Fort Worth, Texas	3601 Ada Street Fort Worth Residence
	2803	Troy V. Poss 1101 East Belknap Ave. Fort Worth, Texas	206 North Harding & 1101 East Belknap Ave. Fort Worth, Texas
	2842	First Christian Church Denton, Texas	604 W. Sycamore Denton; Parsonage
	3030	Noble W. Prentice Richmond Springs, Texas	3413 — 6th St. Ft. Worth; Residence
	3054	Fred Scharf & Ethel Scharf 1327 E. Myrtle St. Fort Worth, Texas	1636 S. Henderson Fort Worth; Residence
	3068	G. C. & Samantha Watkins 1709 W. Mulberry St. Denton, Texas	1709 W. Mulberry St. Denton; Residence
	3116	C. A. & Abbigail Taylor 3613 Ave. J, Ft. Worth, Tex.	3613 Ave. J. Ft. Worth; Residence
	3169	Mrs. Ray Simon 1501 W. Pulaski St.	1501 W. Pulaski St. Fort Worth; Residence
	3204	E. F. Taylor & V. T. Cash 1108 Pan Handle St. Denton, Texas	1108 Pan Handle St. Denton; Residence
	3343	J. A. Petty 2119 Loving Ave. Fort Worth, Texas	2118 Stanley Fort Worth Residence
	3366	Mary McSween Horton & James R. 2500 Lotus St. Fort Worth, Texas	3433 Ave. G. Fort Worth Residence & grocery
	3372	F. M. Piercy, R.R.1, Box 150 Fort Worth, Texas	2318 Columbus, Fort Worth; Residence
	3387	A. F. & Willie Puckett 1021 Chandler St. Fort Worth, Texas	1021 & 1025 Chandler St. Fort Worth 2 Residences
	3402	George D. Elkins 225 Sylvania, Ft. Worth, Tex.	225 Sylvania, Fort Worth; Residence
	3559	J. C. & Virginia Gabbert 4203 Clarence Ave. Fort Worth, Texas	4204 Clarence Ave. Fort Worth Residence
	3560	H. A. & Anna Lawrence 112½ W. 9th St. Fort Worth, Texas	4721 Dallas Pike, Fort Worth; Residence

[fol. 498]	3561	R. H. & Grace Standifer 1714 Fairmount Fort Worth, Texas	1714 Fairmount, Fort Worth Residence
	3563	Harry O. Bishop & Hattie E., wife, 3613 So. Adams Fort Worth, Texas	3613 So. Adams Fort Worth Residence
	3565	Dennis J. & Ruth Hightower 3313 Race St., Ft. Worth, Tex.	3313 Race St. Ft. Worth; Residence
	3566	Davidson Franklin & Effie G. Richerson, 4211 Clarence Ave. Fort Worth, Texas	4210 Clarence Ave. Ft. Worth; Residence
	3623	Timothy Leo Driscoll 2300 Carlton, Fort Worth, Tex.	2321 Clinton Ave. Fort Worth; Residence
	3628	Thomas A. & Lucy M. Harkins 1600 5th Ave. Ft. Worth, Texas	1600 5th Ave. Ft. Worth; Residence
	3636	Lillie Melugin 1000 Bedell St. Fort Worth, Texas	1000 Bedell St. Ft. Worth Residence
	3638	J. M. Simmons & Lois Simmons 3828 W. 7th St. Fort Worth, Texas	3828 W. 7th St. Fort Worth, Texas Residence
	3639	J. C. & Eloise Welch 1108 Gambreli Fort Worth, Texas	1108 Gambrell Fort Worth Residence
	3640	F. H. & Pauline Smith 1856 Highland Fort Worth, Texas	1856 Highland Fort Worth Residence
	3641	W. F. & Margaret Willis 1862 Highland Fort Worth, Texas	1862 Highland Fort Worth Residence
	3645	F. B. & Alice Brush 2106 Market St. Fort Worth, Texas	2106 Market St. Fort Worth Residence
	3647	George P. & Katherine E. Farmer, 2614 So. Adams Fort Worth, Texas	2616 So. Adams Fort Worth Residence
	3648	L. B. & Pauline Louise Bowen, Fort Worth, Texas	1000, 1006 Samuels St. 1009, 1015, 1101 and 1105 Greer St., Fort Worth; Residences
	3661	Leving Fraser Edcouch, Texas	Hidalgo County Farm 98 19 acres
[fol. 499]	3663	S. T. Brown 123 West Broadway Fort Worth, Texas	123 West Broadway Fort Worth Residence

	3661	Leving Fraser Edcouch, Texas	Hidalgo County Farm 98.19 acres
[fol. 499]	3663	S. T. Brown 123 West Broadway Fort Worth, Texas	123 West Broadway Fort Worth Residence
	3665	W. C. Sears 225 Bryan Ave. Denton, Texas	225 Bryan Ave. Denton Residence
	3666	J. C. Dickson & Alleen his wife, 1931 E. Elmwood Fort Worth, Texas	1931 E. Elmwood Fort Worth Residence
	3667	M. Gene Bein and Marguerite Bein, 3000 James St. Fort Worth, Texas	300 James St. Fort Worth Residence
	3684	Louis P. Lively 1915 So. Henderson Fort Worth, Texas	1915 So. Henderson Fort Worth Residence
	3685	L. W. Chelmo 1617 Worth St. Fort Worth, Texas	1617 Worth Street Fort Worth Residence
	3687	L. G. & Winifred Eilenberger 2400 Queen St. Fort Worth, Texas	2400 Queen St. Fort Worth Residence
	3688	L. F. & Willie E. Williams 212 W. Capps St. Fort Worth, Texas	212 W. Capps St. Fort Worth Residence
	3690	R. L. & Madge Muckelroy, his wife, 3624 Ave. G Fort Worth, Texas	3624 Ave. G Fort Worth Residence
	3691	S. A. & Susie McDonald Denton, Texas	620 Texas St. Denton; Residence
	3692	Phil Owens and Alma Owens 1012 Hawthorne St. Fort Worth, Texas	1012 Hawthorne St. Fort Worth Residence
	3694	Elizabeth A. Dunaway 2205 Western Ave. Fort Worth, Texas	2205 Western Ave. Fort Worth Residence
	3696	J. E. and Maude B. Dickson 1243 Elmwood Ave. Fort Worth, Texas	1243 Elmwood Ave. Fort Worth Residence
	3697	J. C. and Paralee Bradshaw 1225 W. Oak Denton, Texas	708 N. Elm Denton Residence

[fol. 500]

3717	Virgil M. & Lela May Reid 1125 N. Luckett Ave. Sherman, Texas	1125 N. Luckett Ave. Sherman Residence
3718	Hugh C. Hamilton 2901 Ave. B. Fort Worth, Texas	2901 Ave. B Fort Worth Residence
3720	C. C. & Willie Fae Sauls 2008 N. Elm Denton, Texas	2008 N. Elm N. Denton Residence
3749	John H. Watts 2909 West 23rd St. Fort Worth, Texas	2909 West 3rd St. Residence Fort Worth, Texas
3756	H. F. & Berneice Hunt 706 E. Pacific Street Sherman, Texas	706 E. Pacific St. Sherman Residence
3757	C. E. & Hazel May Leland 809 Park St. Fort Worth, Texas	809 Park St. Fort Worth Residence
3759	Robert Harrison & Mistletoe Heights Realty Co., 600 Transportation Bldg. Fort Worth, Texas	2205 & 2201 Rosedale Fort Worth 2 residences
3761	J. C. & Eloise Welch 912 Hammond St Fort Worth, Texas	912 Hammond St. Fort Worth Residence
3762	Paul A. & Inez E. Mason 3022 Timberline Drive Fort Worth, Texas	3022 Tinberline Drive Fort Worth Residence
3763	Charles Barrier & Leonore 2208 Mistletoe Ave. Fort Worth, Texas	2208 Mistletoe Ave. Fort Worth Residence
3765	Judge Fuller & Bessie Fuller 1704 Spurgeon St. Fort Worth, Texas	1704 Spurgeon St. Fort Worth Residence
3773	W. A. & Zelma Phillips 2602 Chestnut St. Fort Worth, Texas	2602 Chestnut St. Fort Worth Residence
3774	O. E. & Ione Smith 3418 Ave. G. Fort Worth, Texas	3301 Ave. H Fort Worth Residence

	3761	J. C. & Eloise Welch 912 Hammond St Fort Worth, Texas	912 Hammond St. Fort Worth Residence
	3762	Paul A. & Inez E. Mason 3022 Timberline Drive Fort Worth, Texas	3022 Timberline Drive Fort Worth Residence
	3763	Charles Barrier & Leonore 2208 Mistletoe Ave. Fort Worth, Texas	2208 Mistletoe Ave. Fort Worth Residence
	3765	Judge Fuller & Bessie Fuller 1704 Spurgeon St. Fort Worth, Texas	1704 Spurgeon St. Fort Worth Residence
	3773	W. A. & Zelma Phillips 2602 Chestnut St. Fort Worth, Texas	2602 Chestnut St. Fort Worth Residence
	3774	O. E. & Ione Smith 3418 Ave. G. Fort Worth, Texas	3301 Ave. H Fort Worth Residence
	3776	Joseph F. & Mary Lou Greathouse 4425 Paxton St. Fort Worth, Texas	4425 Paxton St. Fort Worth Residence
[fol. 501]	3779	Minnie M. Morris 1514 13th St. Lubbock, Texas	2812 Ave. I Fort Worth Residence
	3786	Eugene & Myrtis Collard 3631 Ave. N Fort Worth, Texas	3631 Ave. N Fort Worth Residence
	3797	R. Eugene Roberts 2722 Loving Ave. Fort Worth, Texas	2722 Loving Ave. Fort Worth Residence
	3798	R. J. & May Ireland 3345 May St. Forth Worth, Texas	3345 May St. Fort Worth Residence
	3801	Ben & Sara Schuster 829 E. Arlington St. Fort Worth, Texas	829 E. Arlington St. Fort Worth Residence
	3805	Clarence P. Denman 141 College Heights Bowling Green, Ky.	4833 Normant Ave. Fort Worth Residence
Wyoming	3775	Lowell L. & Hazel Mahoney Alva, Wyoming	Crook County Farm 960 acres

[fol. 502]

American Life Insurance Company

Notes Secured By Deeds Of Trust

Texas

Loan No.	Name Of Holding Company	Location Of Property	Acres
3650	Mestenas Company	Hidalgo County	79.18
3651	" "	" "	272.8
3652	" "	" "	80.02
3655	" "	" "	154.33
3659	" "	" "	942.31
3660	" "	" "	100.
3662	" "	" "	136.42
3699	Delta Haven Company	" "	210.93
3701	" " "	" "	200.
3702	" " "	" "	110.
3703	" " "	" "	291.71
3724	Hargill Company	" "	735.
3727	" "	" "	104.25
3728	" "	" "	519.37
3729	" "	" "	594.05
3742	Raphael Company	" "	103.7
		Willacy County	265.02
3743	" "	" "	296.10
3744	" "	" "	434.52
3745	" "	" "	920.
3748	" "	" "	775.17

[fol. 503]

Sales Contracts

State	Am. Life Ins. Co. R.E.C.NO.	Name And Address Of Purchaser	Location Of Premises
Colorado	191	Daniel Jensen and Elizabeth, his wife Fort Morgan, Colorado	Adams County farm
Indiana	533	George A. and Helen Foos Decatur, Indiana	Decatur, Adams County Factory and house
Kansas	356	Henry D. Bentrup and Milton Clear Deerfield, Kansas	Kearney County Farm
Michigan	195	Perry E. and May C. Hillier, his wife Clio, Michigan	Genesee County Farm
	227	Burt W. Johnson Laingsburg, Michigan	Clinton County Farm
	290	S. Robb Howell and DeLoris, his wife 1339 Prospect Lansing, Michigan	Eaton County Farm
	440	Sam Rott and Ruth, his wife 2001 National Bank Bldg. Detroit, Michigan	City of Detroit Business Bldg. 646 Hastings, St.
	445	Arthur and Virgie M. Wartikoff 16173 Sorrento Ave. Detroit, Michigan	16173 Sorrento Avenue Detroit, Michigan
	450	Hyman & Elizabeth Fiekowsky Detroit, Michigan	4626 Lakewood Avenue Detroit, Michigan Residende
	466	Rudolph Shulman and Rosalyn, his wife 3805 Richton Detroit, Michigan	15324-6 Robson Avenue Detroit, Michigan
	505	Sam Leff and Esther Leff and Sam Snyder and Millie Snyder 1681-83 Lee Place Detroit, Michigan	1681-83 Lee Place Detroit, Michigan
	557	Edward L. and Edna H. Kew 224 West 4th Avenue Flint, Michigan	224 West 4th Avenue Flint, Michigan Residence
	616	Mike Bakaian 13936 3rd Ave. Highland Park, Mich.	187 and 189 LaBelle Ave. and 13931 3rd Ave. Highland Park, Mich. Store Buildings.

	450	Hyman & Elizabeth Fiekowsky Detroit, Michigan	4626 Lakewood Avenue Detroit, Michigan Residende
	466	Rudolph Shulman and Rosalyn, his wife 3805 Richton Detroit, Michigan	15324–6 Robson Avenue Detroit, Michigan
	505	Sam Leff and Esther Leff and Sam Snyder and Millie Snyder 1681–83 Lee Place Detroit, Michigan	1681–83 Lee Place Detroit, Michigan
	557	Edward L. and Edna H. Kew 224 West 4th Avenue Flint, Michigan	224 West 4th Avenue Flint, Michigan Residence
	616	Mike Bassian 13936 3rd Ave. Highland Park, Mich.	187 and 189 LaBelle Ave. and 13931 3rd Ave. Highland Park, Mich. Store Buildings.
[fol. 504]	628	Fred A. & Berneece Veale 16915 Monica Avenue Detroit, Michigan	16915 Monica Avenue Detroit, Michigan Residence
	650	Rose Kales 2605 Elmhurst Avenue Detroit, Michigan	108 on Hastings and 76 on Theodore Detroit, Michigan Stores and apts.
	667	Aram H. Mugardichian 6526 Cass Detroit, Michigan	1240 and 1242 Glynn Court, Detroit, Mich. Residence
	694	Francis L. & Myrna Shiels 2 Woodside Park Blvd. Pleasant Ridge Oakland County, Mich.	2 Woodside Park Bvd. Pleasant Ridge, Oakland County, Michigan Residence
	708	B. Flanders, M. Ox & N. Greenberg 3380 Glynn Court Detroit, Michigan	Lots Detroit, Michigan
	717	Edward J. Fraumann 160 Auburn Avenue Pontiac, Michigan	N. W. Cor. Parry and Ellwodd, Pontiac, Mich. Residence
Oklahoma	193	Ben Ebert and Lena R. Ebert, Bennington, Okla.	Bryan County Farm
		Sundry Policy Loans Amounting to	$1,080,371.29
		H. O. L. C. Bonds	15,000.00

[fol. 505] (Notice of Appeal of John G. Emery, Commissioner of Insurance, etc., and Recital of Mailing of Copy to Counsel for Plaintiff.)

Filed in U. S. District Court, August 29, 1940.

United States District Court, Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

No. 65. vs. Civil.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

Notice is hereby given that John G. Emery, Commissioner of Insurance of the State of Michigan as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, one of the defendants above named, hereby appeals to the Circuit Court of Appeals for the 8th Circuit from the final judgment entered in this action on June 24, 1940.

CLAYTON F. JENNINGS,
PHINEAS M. HENRY,
Attorneys for Appellant, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

Dated Aug. 29, 1940.

August 29, 1940.

Copy of Notice of Appeal mailed to Willis J. O'Brien, Des Moines, Iowa, attorney for Plaintiff.

N. F. REED,
Clerk.
By Gertrude Darrell,
Deputy.

[fol. 506] (Notice of Appeal of Dan E. Lydick, Receiver of American Life Insurance Company, and Recital of Mailing of Copy to Counsel for Plaintiff.)

Filed in U. S. District Court, August 29, 1940.

In the United States District Court for the Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

No. 65. vs. Civil Action.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

Notice is hereby given by Dan E. Lydick, Receiver of American Life Insurance Company, and one of the defendants in the above styled cause, that an appeal is hereby taken to the Circuit Court of Appeals for the Eighth Circuit, from the final judgment entered in the above cause on June 24, 1940.

B. E. GODFREY and JOHN M. SCOTT, JR., Attorneys for Dan E. Lydick, Receiver,
908 Petroleum Bldg.,
Fort Worth, Texas.

B. E. GODFREY,
JNO. M. SCOTT,
PHINEAS M. HENRY.

August 29, 1940.

Copy of Notice of Appeal mailed to Willis J. O'Brien, Des Moines, Iowa, attorney for Plaintiff.

N. F. REED,
Clerk, U. S. District Court.
By Gertrude Darrell, Deputy.

[fol. 507] (Notice of Appeal of American United Life Insurance Company, and Recital of Mailing of Copy to Counsel for Plaintiff.)

Filed in U. S. District Court, August 29, 1940.

United States District Court, Southern District of Iowa, Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

No. 65. vs. Civil.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

Notice is hereby given that American United Life Insurance Company, Indianapolis, Indiana, one of the defendants above named, hereby appeals to the Circuit Court of Appeals for the 8th Circuit from the final judgment entered in this action on June 24, 1940.

ROBERT A. ADAMS,
PHINEAS M. HENRY,
Attorneys for Appellant, American United Life Insurance Company, Indianapolis, Indiana.

Dated, August 29, 1940.

August 29, 1940.

Copy of Notice of Appeal mailed to Willis J. O'Brien, Des Moines, Iowa, attorney for Plaintiff.

N. F. REED,
Clerk, U. S. District Court.
By Gertrude Darrell,
Deputy.

[fol. 508] Statement of Points Upon Which Appeal is Predicated.

Filed in U. S. District Court, August 29, 1940.

United States District Court, Southern District of Iowa Central Division.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff,

No. 65. vs. Civil.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan; and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants.

The said appellants, American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, and Dan E. Lydick, Receiver of the American Life Insurance Company, assign the following errors in the records and proceedings in said cause:

1. The Judge of the District Court erred in overruling the motions to dismiss and motions to abate filed by said appellants upon special appearance.

2. The Judge of the District Court erred in finding that the Iowa receiver, appellee herein, has the sole and exclusive right to administer for the benefit of the policyholders whose policies originated in the American Life Insurance Company of Des Moines, Iowa, and were in force on April 12, 1938, the deposited securities now in his possession.

3. The Judge of the District Court erred in finding that the situs of the deposited securities and the debts secured [fol. 509] thereby was in the State of Iowa.

4. The Judge of the District Court erred in finding that on April 12, 1938 title to all of the securities of the American Life Insurance Company of Detroit, Michigan, deposited with the Insurance Commissioner of the State of Iowa vested in the State of Iowa for the benefit of the policy-

holders whose policies originated in the American Life Insurance Company of Des Moines, Iowa, and were in force on said date.

5. The Judge of the District Court erred in finding that the Iowa receiver, appellee herein, is entitled to all of the principal, income, interest due and accrued and all advancements and capitalized amounts due and accrued on the deposited securities as of April 12, 1938.

6. The Judge of the District Court erred in finding that the receivership proceedings pending in the District Court of Polk County, Iowa, is an independent proceeding and not ancillary to the receivership proceedings in Michigan, and that the District Court of Polk County, Iowa, has exclusive jurisdiction and control for the administration, pursuant to the statutes of the State of Iowa, of all of the securities deposited with the Insurance Commissioner of the State of Iowa, and in finding that title to which was vested in the State of Iowa for the benefit of the policyholders for which such deposits were made.

7. The Judge of the District Court erred in decreeing that John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, deliver to the plaintiff below all cards, books and records, or true copies thereof, pertaining to the policies originating in the American Life Insurance Company of Des Moines, Iowa, and in force on April 12, 1938.

8. The Judge of the District Court erred in decreeing that John G. Emery, Commissioner of Insurance of the State of Michigan as Permanent Liquidating Receiver of [fol. 510] the American Life Insurance Company, deliver to the plaintiff below all books, records and papers, including deeds, abstracts, extension agreements, and correspondence pertaining to the securities on deposit with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

9. The Judge of the District Court erred in decreeing that John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, account to and pay

over to the plaintiff below all principal and income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa, including all capitalized amounts, taxes advanced and interest accrued as of April 12, 1938, to the date of the decree.

10. The Judge of the District Court erred in decreeing that the counterclaim of John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, be dismissed.

11. The Judge of the District Court erred in decreeing that the American United Life Insurance Company deliver to the plaintiff below all cards, books and records, or true copies thereof, pertaining to the policies originating in the American Life Insurance Company of Des Moines, Iowa, and in force on April 12, 1938.

12. The Judge of the District Court erred in decreeing that the American United Life Insurance Company deliver to the plaintiff below all books and records, including deeds, abstracts, extension agreements and correspondence pertaining to the securities on deposit with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

13. The Judge of the District Court erred in decreeing that the American United Life Insurance Company account to and pay over to the plaintiff below all principal and [fol. 511] income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa, including all capitalized amounts, taxes advanced and interest accrued as of April 12, 1938, to the date of the entry of the decree.

14. The Judge of the District Court erred in decreeing that the counterclaim of American United Life Insurance Company be dismissed.

15. The Judge of the District Court erred in decreeing that defendant Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, in Texas, deliver to the plaintiff below all books and records, including deeds, abstracts, extension agreements, and correspondence pertaining to the securities deposited with the Insurance Commissioner of the State of Iowa as of April 12, 1938.

16. The Judge of the District Court erred in decreeing that Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, in Texas, account to and pay over to the plaintiff below all principal and income collected on the securities on deposit with the Commissioner of Insurance of the State of Iowa.

17. The Judge of the District Court erred in decreeing that all the defendants below and appellants herein be enjoined and restrained from collecting either principal or income on the deposited securities in the possession of the plaintiff below and from interfering in any way with the administration of said securities in the possession of the plaintiff below.

18. The Judge of the District Court erred in finding that the original proceedings in the Court below were an action in rem and that the Court below had jurisdiction of the subject matter and of the parties.

19. The Judge of the District Court erred in finding that prior to December, 1933 the policyholders of the [fol. 512] American Life Insurance Company of Des Moines, Iowa, had on deposit with the Commissioner of Insurance of the State of Iowa securities in the face amount equal to the net cash value of their policies.

20. The Judge of the District Court erred in finding that pursuant to the agreement of reinsurance the securities in the hands of the Insurance Commissioner of the State of Iowa did upon insolvency and prior to any proceedings for the appointment of the receiver in the State of Michigan vest in the State of Iowa for the benefit of the policyholders for which such deposits were made.

21. The Judge of the District Court erred in finding that said deposit was for the benefit of the policyholders known as the Des Moines group, and finding that such deposits were recognized and approved by the contracts of reinsurance in 1921, 1922 and 1923.

22. The Judge of the District Court erred in finding that there was duly commenced in the State Courts of the State of Iowa a liquidation proceeding, on application by the Attorney General of the State of Iowa, acting under Iowa statutes and the contracts of reinsurance of 1921,

1922 and 1923, asking to administer the fund in the hands of the Iowa Commissioner of Insurance, and that a receiver was appointed, not as an ancillary receiver of the American Life Insurance Company of Detroit, Michigan, but as an independent receivership proceedings, and that by that proceedings the State Court of Iowa drew to itself and has exclusive jurisdiction and control of all of the securities deposited with it as provided by said reinsurance agreements and the statutes of the State of Iowa.

23. The Judge of the District Court erred in finding that the Iowa receiver has the sole and exclusive right to retain, collect, and distribute or liquidate in the manner provided by the Iowa statutes the money and securities in the possession of the Iowa Commissioner of Insurance and as the property of the State of Iowa at the time of the commencement of the proceedings for the receivership in the State Courts of Iowa.

[fol. 513] 24. The Judge of the District Court erred in finding that in the collection of assets belonging to the State of Iowa, and the Commissioner of Insurance of the State of Iowa, as receiver, the Texas receiver has acted without authority or color of right or title.

25. The Judge of the District Court erred in finding that the plaintiff below was entitled to the relief demanded in his bill of complaint.

26. The Judge of the District Court erred in receiving the testimony of Donald Harlow, over objection of [counsek], from Volume I of Iowa, 1920, Iowa Life Insurance Company's Reports, in reference to the financial condition of the American Life Insurance Company of Des Moines, Iowa.

27. The Judge of the District Court erred in receiving the testimony of Charles R. Fischer, over the objection of counsel, as to the witness' objections to the reinsurance contract entered into with the American United Life Insurance Company.

28. The Judge of the District Court erred in refusing to strike the testimony of Charles R. Fischer that the American United Life Insurance Company had not yet shown itself able to manage its own affairs as far as the

Iowa Insurance Department was concerned, upon motion of counsel for American United Life Insurance Company.

29. The Judge of the District Court erred in receiving in evidence, over the objection of counsel, Exhibits C to C-110 inclusive.

30. The Judge of the District Court erred in denying the motion of the American United Life Insurance Company to strike from the record any testimony with respect to the solvency or insolvency of the American United Life Insurance Company.

[fol. 514] 31. The Judge of the District Court erred in failing to find that the re-insurance agreements of 1921, 1922 and 1923 were novations whereby the policyholders of the American Life Insurance Company of Des Moines accepted the protection of all the assets of the new company in lieu of the statutory deposit in Iowa.

32. The Judge of the District Court erred in finding that the re-insurance agreement with the American United likewise created a novation whereby said policyholders who did not dissent were bound by the treatment accorded them in the reinsurance agreement and those who dissent and filed their claims had submitted to the jurisdiction of the Michigan Court.

33. The Judge of the District Court erred in finding that the deposit in Iowa was continued for the specific and sole benefit of the policies originating in the American Life Insurance Company of Des Moines.

34. The Judge of the District Court erred in failing to give full faith and credit to the Michigan statute vesting title to all assets wherever located in the Insurance Commissioner as statutory receiver of a domestic life insurance company.

35. The Judge of the District Court erred in failing to find that the liquidation and distribution of the assets on deposit in Iowa should be under the direction of the Court in charge of the domiciliary receivership, and that the treatment to be accorded all policyholders of the insolvent company should be determined by that Court.

36. The Judge of the District Court erred in finding that the Iowa receiver was entitled to assert a right to the deposit for the benefit of the policyholders originating in the American Life Insurance Company of Des Moines rather than a mere volunteer or a bailee assuming to act without authority of law or contract.

37. The Judge of the District Court erred in failing to find that the Iowa deposit statute had reference to domestic companies only.

[fol. 515]

ROBERT A. ADAMS,
AARON T. JAHR,
Attorneys for Defendant and Appellant, American United Life Insurance Company.

CLAYTON F. JENNINGS,
Attorney for Defendant and Appellant, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

B. E. GODFREY,
JNO. M. SCOTT, JR.,
Attorneys for Defendant and Appellant, Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, in Texas.

PHINEAS M. HENRY,
Attorney for all Defendants and Appellants.

[fol. 516]

Supersedeas Bond.

Filed in U. S. District Court August 30, 1940.

We, American United Life Insurance Company, a corporation, John G. Emery, Commissioner of Insurance of

the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, as Principals, and American Surety Company of New York, a corporation, as Surety, are held and firmly bound unto Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as receiver for the American Life Insurance Company, the above named plaintiff, in the sum of One Thousand Dollars ($1,000.00) for the payment of which well and truly to be made to the said Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as receiver for the American Life Insurance Company, his successors and assigns, we hereby, jointly and severally, bind ourselves, our successors, and assigns firmly by these presents:

The condition of the above obligation is such that the said American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, have appealed from the final judgment of the United States District Court for the Southern District of Iowa, Central Division, rendered against them on the 24th day of June, 1940, in this action to the United States Circuit Court of Appeals for the Eighth Circuit.

[fol. 517] Now, Therefore, if the said appellants shall satisfy or perform the said judgment appealed from, together with accrued costs, the costs of this appeal, interest, and damages for delay, if for any reason said appeal is dismissed or if said judgment is affirmed, and satisfy or perform such modification of said judgment and such costs, interest and damages as said United States Circuit Court of Appeals for the Eighth Circuit may adjudge and award not exceeding the sum of One Thousand Dollars ($1,000.00), then this obligation to be void, otherwise to be and remain in full force and effect.

Witness our hands this 29th day of August, 1940.

AMERICAN UNITED LIFE INSURANCE COMPANY, a Corporation,
By Geo. A. Bangs, Prest.,

JOHN G. EMERY,
Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

DAN E. LYDICK
Texas Receiver of the American Life Insurance Company of Detroit, Michigan,

Principals.

AMERICAN SURETY COMPANY OF NEW YORK,

Surety,
By F. H. Noble, Resident Vice-President.

Countersigned

Agent

Attest:
M. L. HARTZELL,
Resident Assistant Secretary.
(Seal)

545560K

Approved August 30, 1940.

CHAS. A. DEWEY, Judge,
U. S. District Court.

[fol. 518] (Stipulation of Counsel Approving Transcript of Record.)

Filed in U. S. District Court, September 6, 1940.

It is hereby stipulated by and between the parties hereto that the foregoing is a correct and true transcript of the

record of said District Court in the above entitled cause, as agreed to by the parties.

Dated August 29th, 1940.

WILLIS J. O'BRIEN,
Attorney for Plaintiff and Appellee.

ROBERT A. ADAMS,
AARON T. JAHR,
Attorneys for Defendant and Appellant, American United Life Insurance Company.

CLAYTON F. JENNINGS,
Attorney for Defendant and Appellant, John G. Emery, Permanent Liquidating Receiver.

[fol. 519]

B. E. GODFREY,
JNO. M. SCOTT, JR.,
Attorneys for Defendant and Appellant, Dan E. Lydick, Texas Receiver.

PHINEAS M. HENRY,
Attorney for all Defendants and Appellants.

[fol. 520] (Stipulation as to Omission of Certain Matter from Printed Record.)

Filed in U. S. District Court, September 6, 1940.

It is hereby stipulated by and between the appellants by their attorneys and the appellee by his attorney, that in printing the record in the above entitled cause, the Clerk shall omit therefrom the following documents and papers:

All exhibits attached to the complaint which are also attached to the stipulation of facts included in the transcript of the testimony.

All exhibits not attached to the transcript of the testimony taken at the preliminary hearing and not attached to the transcript of the testimony at the final hearing.

All process and return of service thereof.

[fol. 521] It is further stipulated that the documents and papers above mentioned to be omitted from the printed record shall be preserved by the Court and may be referred to by counsel or the Court if deemed necessary during the course of the argument or otherwise during the disposition of the case.

Dated, August 29, 1940.

ROBERT A. ADAMS,
AARON T. JAHR,
Attorneys for Appellant American United Life Insurance Company.

B. E. GODFREY,
JNO. M. SCOTT, JR.,
Attorneys for Appellant Dan E. Lydick, Texas Receiver.

CLAYTON F. JENNINGS,
Attorney for Appellant John G. Emery, Permanent Liquidating Receiver.

WILLIS J. O'BRIEN,
Attorney for Appellee, Charles R. Fischer, Receiver.

PHINEAS M. HENRY,
Attorney for All Appellants.

[fol. 522] (Stipulation as to Contents of Transcript of Record.)

Filed in U. S. District Court, August 29, 1940.

It is hereby stipulated by the parties hereto, through their respective attorneys, as follows:

That the following pleadings and proceedings in this cause shall constitute the record on appeal and be included in the return on appeal:

1. Complaint of plaintiff.

1a. Stipulation as to service of process and return of service thereof.

2. Order extending time for appearance of defendants.

3. Special appearance and motion of John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company, to dismiss the cause for want of jurisdiction.

4. Special appearance and motion of Dan E. Lydick, Receiver of the American Life Insurance Company, to dismiss the cause for want of jurisdiction.

[fol. 523] 5. Special appearance and motion of American United Life Insurance Company to dismiss the cause for want of jurisdiction.

5a. Transcript of testimony taken at preliminary hearing.

6. Answer of John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company.

7. Answer of Dan E. Lydick, Receiver of the American Life Insurance Company.

8. Answer of American United Life Insurance Company.

9. Reply and answer of plaintiff to answer and counterclaim of defendant, John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the America Life Insurance Company.

10. Reply and answer of plaintiff to answer and counterclaim of defendant, Dan E. Lydick, Receiver of the American Life Insurance Company.

11. Reply and answer of plaintiff to answer and counterclaim of defendant, American United Life Insurance Company.

12. Stipulation of facts, excepting that any exhibits attached to said stipulation of facts which were attached to the plaintiff's complaint need not be printed, but shall be appropriately referred to as attached to the plaintiff's complaint.

13. Transcript of testimony reduced to narrative form, including Exhibits A (stipulation of facts described in Par. 12 hereof); B (consisting of 2 pages); 1; C; C 1; C 2; C 3; 4, 5; C 42; C 43; C 44; C 67, 68; C 78; C 79; C 88; C 89; C 92; C 93; C 94; C 95; C 96, 97, 98, 99; C 101; C 105; C 106; C 107; C 108; C 109; C 110.

14. Opinion of the Court.

15. Decree.

16. Order overruling special appearances and motions to dismiss.

17. Notice of claim of appeal of defendant John G. Emery, Commissioner of Insurance of the State of Michigan and Permanent Liquidating Receiver of the American Life Insurance Company.

[fol. 524] 18. Notice of claim of appeal of defendant Dan E. Lydick, Receiver of the American Life Insurance Company.

19. Notice of claim of appeal of defendant American United Life Insurance Company.

20. Statement of Points.

21. Within stipulation as to contents of record, etc.

It is further stipulated and agreed that the necessity of issuing a citation be, and the same is hereby, waived.

It is further stipulated and agreed that the time within which to file and docket the printed record on appeal be extended for a period of ninety days from and after the date of filing the notice of claim of appeal, and that the record on appeal as filed be certified and transmitted by the Clerk of the District Court to the United States Circuit Court of Appeals for the 8th Circuit without the necessity of comparing the same with the originals on file.

It is further stipulated and agreed that the bond on appeal shall be in the amount of One thousand ($1,000.00) Dollars, and executed by a corporate surety authorized to

do business in the State of Iowa, and that it need not be formally approved by the Court.

WILLIS J. O'BRIEN,
Attorney for Plaintiff and Appellee.

CLAYTON F. JENNINGS,
Attorney for Appellant, John G. Emery, Commissioner of Insurance of the State of Michigan as Permanent Liquidating Receiver of the American Life Insurance Company.

ROBT. A. ADAMS,
AARON T. JAHR,
Attorney for Appellant American United Life Insurance Company.

B. E. GODFREY,
JOHN M. SCOTT,
Attorneys for Dan E. Lydick, Receiver of American Life Insurance Company, Appellant.

PHINEAS M. HENRY,
Attorney for All Appellants.

[fol. 525] Clerk's Certificate To Transcript.

United States of America,
Southern District of Iowa.—ss.:

I, N. F. Reed, Clerk of the District Court of the United States for the Southern District of Iowa, hereby certify the foregoing 524 pages to contain a true, full and complete transcript of the record in the case of Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Plaintiff, vs. American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Defendants, No. 65—Civil Action, Central Division, as called for in the stip-

ulation and designation of record filed August 29, 1940, as full, true and complete as the originals thereof on file and of record in office in the City of Des Moines, in said District.

Seal
U. S. Dist. Court
South. Dist.
of Iowa.

In Witness Whereof, I hereunto set my hand and affix the seal of said Court at office in the City of Des Moines, in said District, this twelfth day of September, A. D. 1940.

N. F. REED, Clerk,
U. S. District Court, Southern District of Iowa.

Filed Sep. 13, 1940. E. E. Koch, Clerk.

[fol. 485] And thereafter the following proceedings were had in said cause in the Circuit Court of Appeals, viz.:

(Appearance of Mr. Robert A. Adams, Mr. Aaron T. Jahr and Mr. Phineas M. Henry as Counsel for Appellant, American United Life Insurance Company.)

United States Circuit Court of Appeals
Eighth Circuit

American United Life Insurance Company, et al.,
Appellants,
No. 11,852. vs.
Charles R. Fischer, Commissioner of Insurance, etc.

The Clerk will enter my appearance as Counsel for the Appellant, American United Life Insurance Company.

ROBERT A. ADAMS,
AARON T. JAHR,
c/o Am. United Life Ins. Co.,
Indianapolis, Ind.

PHINEAS M. HENRY,
1310 Equitable Bldg.,
Des Moines, Iowa.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Sep. 23, 1940.

[fol. 486] (Appearance of Mr. Clayton F. Jennings and Mr. Phineas M. Henry as Counsel for Appellant, John G. Emery, Commissioner of Insurance of the State of Michigan, etc.)

The Clerk will enter my appearance as Counsel for the Appellant, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

CLAYTON F. JENNINGS,
1400 Olds Tower Bldg.,
Lansing, Mich.

PHINEAS M. HENRY,
Equitable Bldg.,
Des Moines, Iowa.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Sep. 23, 1940.

(Appearance of Mr. B. E. Godfrey, Mr. John M. Scott, Jr., and Mr. Phineas M. Henry as Counsel for Appellant, Dan E. Lydick, Receiver for American Life Ins. Co. [Texas assets])

The Clerk will enter my appearance as Counsel for the Appellant, Dan E. Lydick, Receiver for American Life Ins. Co. (Texas assets.)

B. E. GODFREY,
JNO. M. SCOTT, JR.,
Attys. for Dan E. Lydick, Receiver of American Life Insurance Co. (Texas assets)
Petroleum Bldg., Ft. Worth, Texas.

PHINEAS M. HENRY,
Equitable Bldg.,
Des Moines, Iowa.

[fol. 487] (Endorsed): Filed in U. S. Circuit Court of Appeals, Sep. 23, 1940.

(Appearance of Counsel for Appellee.)

The Clerk will enter my appearance as Counsel for the Appellee.

WILLIS J. O'BRIEN,
JOHN M. HUGHES, JR.,
HUGHES, O'BRIEN & HUGHES,
Des Moines, Iowa.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Oct. 24, 1940.

(Order of Submission.)

November Term, 1940.

Thursday, December 19, 1940.

This cause having been called for hearing in its regular order, argument was commenced by Mr. John M. Scott

for appellant Dan E. Lydick, Receiver of American Life Insurance Company of Texas, continued by Mr. Robert A. Adams for appellant American United Life Insurance Company, by Mr. Clayton F. Jennings for appellant John G. Emery, Commissioner of Insurance of the State of Michigan, by Mr. Willis J. O'Brien and Mr. John N. Hughes, Jr., for appellee, and by Mr. Clayton F. Jennings for appellant John G. Emery, Commissioner of Insurance of the State of Michigan, and concluded by Mr. B. E. Godfrey for Dan E. Lydick, Receiver of American Life Insurance Company of Texas.

[fol. 488] Thereupon, this cause was submitted to the Court on the transcript of the record from said District Court and the briefs of counsel filed herein.

[fol. 489] (Opinion.)

United States Circuit Court of Appeals
Eighth Circuit.

No. 11,852.—November Term, A. D. 1940.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Appellants, vs. Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, Appellee.	Appeal from the District Court of the United States for the Southern District of Iowa.

[February 24, 1941.]

Mr. Robert A. Adams (Mr. Aaron T. Jahr and Mr. Phineas M. Henry were with him on the brief) for appellant American United Life Insurance Company.

Mr. Clayton F. Jennings (Mr. Phineas M. Henry was with him on the brief) for appellant John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan.

Mr. John M. Scott and Mr. B. E. Godfrey (Messrs. McGown, McGown, Godfrey & Logan, Mr. Phineas M. Henry and Mr. H. L. Logan, Jr., were with them on the brief) for appellant Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan (in Texas).

Mr. Willis J. O'Brien and Mr. John N. Hughes, Jr. (Mr. John N. Hughes and Messrs. Hughes, O'Brien & Hughes were with them on the brief) for Appellee.

Before SANBORN, WOODROUGH, and JOHNSEN, Circuit Judges.

SANBORN, Circuit Judge, delivered the opinion of the Court.

This controversy arises out of the insolvency of the American Life Insurance Company of Detroit, Michigan (herein called the Michigan Company), which was incorporated under the laws of Michigan, and which, on April 12, 1938, when it was taken over for liquidation or reinsurance by the Commissioner of Insurance of Michigan, had on deposit with the Commissioner of Insurance of Iowa securities of a face value in excess of $3,600,000. The Commissioner of Insurance of Iowa, who was appointed as Receiver of the insolvent Michigan Company on June 17, 1938, by the District Court of Polk County, Iowa,

brought this action in the court below against the Commissioner of Insurance of Michigan, as Permanent Liquidating Receiver of the Michigan Company, appointed on September 16, 1939, by the Circuit Court of Ingham County, Michigan, in insolvency proceedings commenced on April 12, 1938; and against Dan. E. Lydick, Receiver of the same Company in Texas, appointed June 29, 1938, by the District Court of Tarrant County, Texas, in a creditors' suit commenced May 29, 1938; and against the American United Life Insurance Company, an Indiana corporation (herein called the Indiana Company), which had entered into an agreement with the Michigan Receiver to reinsure the business of the insolvent Michigan Company.

The purpose of the action was to secure a decree that the plaintiff, the Iowa Receiver, was entitled to administer the assets of the Michigan Company on deposit with the Commissioner of Insurance of Iowa on April 12, 1938, for the sole benefit of those policyholders of the Michigan Company who originally had been policyholders of the American Life Insurance Company of Des Moines, Iowa, (herein called the Iowa Company), a domestic life insurance company of Iowa, the assets and policies of which the Michigan Company had acquired under reinsurance agreements dated August 24, 1921, December 27, 1922, and October 24, 1923; and that the Iowa Receiver was also entitled to the premium income from the policies of the Michigan Company which had originated in the Iowa Company. Summons was served upon the defendants pursuant to §118, Tit. 28, U.S.C.A.

The defendants first appeared specially and moved to dismiss the cause for lack of jurisdiction of their persons and of the subject matter. Their motions were overruled. They filed answers, in which they denied the right of the Iowa Receiver to retain possession of, and to administer, the assets of the Michigan Company on deposit in Iowa, and they asserted the right of the Michigan Receiver to administer such assets as a part of the entire estate of

the Michigan Company, under the laws of Michigan and under the orders of the Circuit Court of Ingham County, Michigan, and for the benefit of all of the policyholders of the insolvent Michigan Company. In their answers they again challenged the jurisdiction of the court. The case was tried.

The court below ruled that it had jurisdiction, and it decreed that the Iowa Receiver had the sole and exclusive right to administer, for the benefit of the policyholders who originated in the Iowa Company, the securities of the Michigan Company on deposit in Iowa, and that the situs of those securities and of the debts which they evidenced was in Iowa. The court further decreed that on April 12, 1938, the title to these securities vested in the State of Iowa for the benefit of the holders of policies which originated in the Iowa Company; that the Iowa Receiver was entitled to all income from the securities after April 12, 1938; that the receivership of the Michigan Company in Iowa was independent, and was not ancillary to the receivership proceedings in Michigan; and that the District Court of Polk County, Iowa, had exclusive jurisdiction to administer the assets of the Michigan Company on deposit in Iowa. The court, in its decree, ordered the Michigan Receiver, the Indiana Company, and the Texas Receiver to account to the Iowa Receiver for all collections made by any of them upon the securities in the hands of the Iowa Receiver, and to deliver to him their files and records relating to such securities. The Michigan Receiver and the Indiana Company were also ordered to deliver to the Iowa Receiver their files and records (or true copies thereof) relating to the policies of the Michigan Company which had originated in the Iowa Company. The court enjoined all of the defendants from collecting the income or proceeds of the securities in the hands of the Iowa Receiver.

The essential facts are not in dispute, and are covered by a stipulation of facts.

The Michigan Company, on August 24, 1921, assumed and agreed to pay all of the obligations of the Iowa Com-

pany under its policies, and the Iowa Company conveyed to the Michigan Company all the Iowa Company's policy contracts together with cash assets and mortgages sufficient to cover the reserves upon its policies and all other liabilities. The Iowa Company at that time, in accordance with the laws of Iowa relating to domestic life insurance companies, had on deposit with the Commissioner of Insurance of Iowa approved securities representing the legal reserve upon all of its outstanding policies. The face value of these securities was $2,930,840.71. By the reinsurance agreement, these securities were conveyed to the Michigan Company. The agreement contained the following provisions:

"The transfer hereby made is subject to the requirements of the statute of the State of Iowa, relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts of life insurance, endowments or annuities, and it is understood that many of the securities hereby transferred are now in the custody of said Commissioner of Insurance of the State of Iowa by virtue of deposits made in pursuance of such statutes.

"It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance, endowments or annuities issued by said American Life Insurance Company, Des Moines, Iowa, and hereby reinsured, will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, Des Moines, Iowa, under the laws of said State of Iowa. The amount of such deposit required shall be determined by valuation of policies to be made on January first and July first of each year."

The Iowa Company was not immediately dissolved. It had been admitted to do business in states in which the Michigan Company was not admitted, and the Iowa Com-

pany was used for the purpose of writing business in those states until 1923. By supplemental agreements dated December 27, 1922, and October 24, 1923, which differed in no substantial respects from the agreement of August 24, 1921, the Michigan Company reinsured that business. The three reinsurance agreements were approved by a Commission consisting of the Governor, the Attorney General, and the Commissioner of Insurance of the State of Iowa, pursuant to the laws of Iowa, and were also approved by the Commissioner of Insurance of the State of Michigan, in accordance with the laws of that State. The Iowa Company was then dissolved and its existence terminated. On October 24, 1923, the date of the last reinsurance agreement, the securities of the Michigan Company on deposit with the Commissioner of Insurance of Iowa, representing or equalling the reserves on policies originating in the Iowa Company, were of the face value of $3,397,205.

In accordance with its agreements with the Iowa Company, the Michigan Company issued a certificate of assumption to each policyholder of the Iowa Company, which certificate stated that the Michigan Company had assumed his policy and would carry out its obligations "as fully as the same would or should have been performed by the American Life Insurance Company of Des Moines, Iowa." All of the policyholders of the Iowa Company accepted these certificates.

Prior to September 1, 1921, the date when the first of the reinsurance agreements became effective, each policy of the Iowa Company had been issued at Des Moines and had had printed on its face, "The full reserve on this policy is secured by a deposit of approved securities with the State of Iowa." Each such policy contained the provision: "The legal reserve on this policy shall be invested in approved securities and deposited with the State of Iowa as required by law." The policies which were issued by or in the name of the Iowa Company between the dates September 1, 1921, and October 24, 1923, were in a different form and did not contain the recital and provision above quoted.

After the execution of the reinsurance agreements, the Michigan Company maintained the deposit of securities with the Commissioner of Insurance of Iowa as required by the reinsurance agreements. The Michigan Company dealt with the deposited securities as it dealt with all other securities owned by it which were not on deposit. The securities on deposit in Iowa were not assigned to the Commissioner of Insurance of Iowa, but he had physical custody of them. The Michigan Company collected the income and the proceeds of such securities without rendering any account to the Commissioner of Insurance of Iowa therefor. The Michigan Company withdrew securities at will and substituted other securities in lieu thereof, and by April 12, 1938, when the Michigan Company was taken over by the Commissioner of Insurance of Michigan, only $30,000 in face value of the $3,600,250.59 of securities then on deposit in Iowa were securities originally deposited by the Iowa Company. The Michigan Company was required by the laws of each of the states in which it was admitted (which included Iowa and Michigan) to file an annual statement showing its condition on the 31st day of December of the year preceding that in which the statement was filed. In each of these statements covering the years 1921 to 1937 inclusive, it reported that all of the securities shown by the statement (including those on deposit in Iowa) were in its possession; and none of its annual reports, with the exception of that for 1937, showed the existence of any special or other deposit. In its statement for 1937; which was filed after a joint examination of its affairs in which the Commissioner of Insurance of Iowa had participated—it noted, apparently at his request, that the securities on deposit with him were to secure policies originating in the Iowa Company.

On April 12, 1938, the Commissioner of Insurance of Michigan filed a complaint against the Michigan Company in the Circuit Court of Ingham County, Michigan, alleging the insolvency of the Company and asking for the appointment of a Receiver and that the Company be liquidated or reinsured in accordance with the laws of Michigan, be-

cause of its insolvency. On April 13, 1938, the Commissioner took over the assets and business of the Company as custodian. Issues were joined upon his complaint, and the cause was tried. On June 7, 1938, the Michigan court appointed the Commissioner of Insurance of Michigan temporary receiver. The case was appealed to the Supreme Court of Michigan, which affirmed on September 5, 1939. On September 16, 1939, the Commissioner of Insurance of Michigan was appointed, by the Michigan court, Permanent Liquidating Receiver of the Michigan Company. The insolvency proceedings in Michigan were conducted in accordance with the laws of that State, which provide a comprehensive, economical and efficient method for the winding up of t' affairs of insolvent domestic life insurance companies by the Commissioner of Insurance of Michigan under the direction and control of a Michigan court. The Commissioner of Insurance of Michigan was continuously in charge of the assets and business of the Michigan Compan after April 12, 1938, under the supervision of the Michigan court.

On June 29, 1938, in a creditors' suit commenced May 29, 1938, against the Michigan Company in the District Court of Tarrant County, Texas, that court appointed Dan E. Lydick Receiver of the Texas assets of the Michigan Company. He has been at all times acting in aid of the Michigan Receiver.

On June 17, 1938, the Attorney General of Iowa petitioned the District Court of Polk County, Iowa, for the appointment of a receiver for the Michigan Company, asserting its insolvency; that its license to do business in Iowa had been revoked on April 1, 1938; that the Commissioner of Insurance of Michigan had commenced insolvency proceedings in Michigan and had asked that a receiver be appointed to wind up the affairs of the Company pursuant to the laws of Michigan; and that the Circuit Court of Ingham County, Michigan, had found the Company to be insolvent and had ordered the appointment of a receiver. The Attorney General also asserted in his petition that the Company had on deposit with the Com-

missioner of Insurance of Iowa securities of the estimated value of $3,603,419.25 which had been assigned to the Commissioner. The prayer of the petition was that the Commissioner of Insurance of Iowa be appointed Receiver of the Michigan Company. The Iowa court appointed the Commissioner of Insurance of Iowa temporary receiver on the day the petition was filed. Issues were joined on the petition, and, after a trial, the Iowa court, on October 28, 1939, decreed that the Commissioner of Insurance of Iowa be appointed statutory receiver of the Michigan Company and of all its securities on deposit with him, "said securities having been deposited by the defendant Company pursuant to the laws of the State of Iowa and certain reinsurance agreements made and entered into by and between the American Life Insurance Company of Des Moines, Iowa [the Iowa Company], and the American Life Insurance Company of Detroit, Michigan [the Michigan Company], under date of August 24, 1921, December 27, 1922, and December 3, 1923 [agreement of October 24, 1923, approved December 3, 1923]." It further decreed that on June 17, 1938, the date when the Attorney General of Iowa filed his petition for the appointment of a receiver, the securities of the Michigan Company on deposit in the State of Iowa vested in the State of Iowa "for the benefit of the policies on which such deposits were made", and that such securities and their proceeds were to be administered in accordance with the laws of Iowa.

On November 17, 1939, the Michigan Receiver, at the direction of the Michigan court, entered into an agreement with the American United Life Insurance Company (the Indiana Company) for the reinsurance of the business of the Michigan Company and the management of its assets and affairs for the benefit of all of its policyholders. This agreement did not divest the Michigan court of its jurisdiction over the assets and business of the Michigan Company; such jurisdiction was expressly reserved. The agreement required the Michigan Receiver to send to each policyholder of the Michigan Company a copy of the agreement and a copy of the order of court approving it.

It further provided that any policyholder not dissenting from the provisions of the agreement within thirty days should be deemed to have accepted it, and that his rights and privileges thereafter should be governed by the agreement; while the rights of those dissenting should be determined by the Michigan court. The agreement expressly recognized the existence of a controversy with respect to the securities of the Michigan Company on deposit in Iowa and with respect to the rights therein of the policyholders of the Michigan Company whose policies originated in the Iowa Company, and provided that if it should ultimately be determined that their rights were different than the rights of other policyholders of the Michigan Company, the agreement should be amended so as to accord to the holders of policies originating in the Iowa Company such rights. On November 17, 1939, there were 4,313 policyholders, with $6,657,364.82 of insurance in force, whose policies had originated in the Iowa Company. Of them. 1,535, with insurance in force of $2,456,039 (about 37%) lived in Iowa. The rest of them were scattered among forty-one different states and several foreign countries. Of the 4,313 policyholders, only 81 filed dissents from the reinsurance and management agreement which had been entered into with the Indiana Company. The dissenting policyholders filed claims with the Michigan Receiver for submission to the Michigan court.

The Iowa Receiver is in actual possession of the securities deposited by the Michigan Company with the Commissioner of Insurance of Iowa, and these securities consist of notes, real estate mortgage loans, real estate contracts, notes secured by policy reserves, and other evidences of indebtedness. The files and records relating to these securities and to the policies which originated in the Iowa Company are in the possession of the Indiana Company or the Michigan Receiver. The premium income on all of the policies of the Michigan Company from April 13, 1938, to November 17, 1939, was collected and retained by the Michigan Receiver. Since November 17, 1939, pursuant to the reinsurance agreement made with the Indiana

Company, that Company has collected and retained all premium income. It is to be noted that the decree of the court below does not attempt to dispose of the premium income from policies which originated in the Iowa Company.

Some of the income and proceeds from the securities held by the Iowa Receiver has been collected by the Michigan Receiver and some by the Texas Receiver. It appears that, pending the determination of the controversy over the right of the Iowa Receiver to administer the securities of the Michigan Company in Iowa for the benefit of the holders of policies originating in the Iowa Company, the Michigan Receiver has been remitting his collections thereon to the Iowa Receiver under an agreement between them, and that Lydick, the Texas Receiver, has $32,998.54 which he has collected upon such securities from debtors residing in Texas.

The action brought by the Iowa Receiver in the court below was authorized by the Iowa court "to the end that the questions involving the right, title and possession of the deposited securities and property in the possession of Charles R. Fischer, Receiver, as between the various parties, claimants thereto, may be finally adjudicated."

The Iowa Receiver is of the opinion that it would be more advantageous for the holders of policies which originated in the Iowa Company to have the securities of the Michigan Company, on deposit in Iowa, administered by him in Iowa for their benefit, rather than to participate equally with the other policyholders of the Michigan Company in the reinsurance and management agreement with the Indiana Company made by the Michigan Receiver in the Michigan insolvency proceedings.

We have stated the facts in much detail for the purpose of showing the relations of the parties, how and why the controversy arose, and what the court below was called upon to decide.

The question which this Court must first determine is whether the trial court had jurisdiction over the subject

matter of the action. The appellants invoke the familiar rule that when a court of competent jurisdiction has taken actual or constructive possession of property, that property is withdrawn from the jurisdiction of all other courts, which, although having concurrent jurisdiction, may not disturb that possession, and that the court which originally acquired jurisdiction is competent to hear and determine, to the exclusion of other courts, all questions respecting the title, collection, control, preservation, and distribution of the property. *Genecov* v. *Wine*, 8 Cir., 109 F.2d 265, 267 (certiorari denied, 310 U.S. 639), and cases cited. The appellee contends that the rule is not applicable in view of the circumstances of this case; and the trial court was of that opinion.

We, of course, are concerned only with the jurisdiction of the court below; but, in order to ascertain whether it had jurisdiction, we must consider what jurisdiction, if any, was acquired by the Michigan court over the assets of the Michigan Company on deposit in Iowa, in the insolvency proceedings commenced by the Commissioner of Insurance of Michigan on April 12, 1938. The Michigan court, in appointing a statutory receiver under the laws of Michigan, necessarily ruled that it had power to do so, and its determination in that regard is not subject to collateral attack either in the court below or in this court. *Genecov* v. *Wine*, 8 Cir., 109 F.2d 265, 267, and cases cited.

It is certain that, from and after April 12, 1938, the Commissioner of Insurance of Michigan, by virtue of the laws of Michigan and of the orders of the Michigan court in the insolvency proceedings, was the statutory successor of the insolvent Michigan Company, and as such had title to all of its assets wherever situated. *Relfe* v. *Rundle*, 103 U.S. 222, 225; *Clark* v. *Williard*, 292 U.S. 112, 120; *O'Neil* v. *Welch*, 4 Cir., 245 F. 261, 268. The Michigan court, on April 12, 1938, acquired jurisdiction over all of the property and business in the actual and constructive possession of the Michigan Company, and the exclusive right to determine all controversies respecting such property and

business, since no other court had then taken possession of any of the assets of the Company.

The Commissioner of Insurance of Iowa, on April 12, 1938, had the actual physical custody of the securities of the Michigan Company on deposit in Iowa, but he had no title to them, and neither he nor the State of Iowa had or claimed any proprietary interest in them. Whatever interest the Commissioner had was contractual and was concededly for the benefit of the holders of policies of the Michigan Company which originated in the defunct Iowa Company. The Iowa Commissioner was, with respect to the securities on deposit with him, a custodian, bailee, or pledgee, depending upon what function he was required to perform under the reinsurance agreements pursuant to which the Michigan Company established and maintained the deposit.

We think that on April 12, 1938, the securities belonging to the Michigan Company on deposit in Iowa were legally in the possession, actual or constructive, of the Michigan Company, and that therefore the Michigan court, through the insolvency proceedings commenced in that State, acquired jurisdiction to administer them and to determine what the rights of policyholders, creditors and all others claiming interests in them, were. Actual possession of the deposited securities by the Commissioner of Insurance of Iowa, which, on April 12, 1938, were not being held adversely to the Michigan Company, would not prevent the Michigan court from acquiring such jurisdiction. *Marcell* v. *Engebretson*, 8 Cir., 74 F.2d 93, 98; *Genecov* v. *Wine*, 8 Cir., 109 F.2d 265, 267, and cases cited. While the court below ruled that, under the laws of Iowa (§8663, Code of Iowa 1935), the title to the deposited securities vested on April 12, 1938, in the State of Iowa for the benefit of holders of policies originating in the Iowa Company, this ruling is contrary to that of the Iowa court, which decreed that the title to them vested in the State of Iowa on June 17, 1938. The Michigan court decreed that, under the statutes of that State (§12,266, Compiled Laws of Michigan 1929), title to all the assets of the Michigan Company

vested in the Commissioner of Insurance of Michigan as Receiver on April 12, 1938.

It is our opinion that all of the questions as to the rights of those who were parties to, or beneficiaries of, the reinsurance agreements by virtue of which the Michigan Company acquired the assets and policies of the Iowa Company and maintained the deposit of securities in Iowa, are questions which the Michigan court has exclusive jurisdiction to decide, subject, of course, to the right of appellate review. *Lion Bonding & Surety Co.* v. *Karatz*, 262 U.S. 77, 90. This is not a case where some public policy of Iowa with respect to preferential treatment of local creditors or policyholders of a foreign insurance company is sought to be enforced. Compare *Clark* v. *Williard*, 292 U.S. 112, 123. This action is directed at securing for a group of policyholders of the Michigan Company, scattered throughout some forty-two states and several foreign countries, what the Commissioner of Insurance of Iowa conceives they are entitled to under the reinsurance agreements by which they became policyholders of the Michigan Company.

There can be no doubt that the Michigan Receiver, as the statutory successor of the Michigan Company, is the appropriate person to administer the property and business of that insolvent company under the direction and supervision of the Michigan court, which has jurisdiction and control of the policyholders of the company, the books and records, the agency force and the premium income. There can be no practical justification for liquidating or reinsuring the business of the Michigan Company in segments or subjecting the same policyholders, and the assets in which they are beneficially interested, to the jurisdiction of two or three different courts, working at cross purposes.

In *Motlow* v. *Southern Holding & Securities Corp.*, 8 Cir., 95 F.2d 721, 725, this Court said:

"Experience has demonstrated that, in order to secure an economical, efficient, and orderly liquidation and distribution of the assets of an insolvent corporation for the benefit of all creditors and stockholders, it is essential that

the title, custody, and control of the assets be intrusted to a single management under the supervision of one court. Hence other courts, except when called upon by the court of primary jurisdiction for assistance, are excluded from participation. This should be particularly true as to proceedings for the liquidation of insolvent insurance companies, for the reasons adverted to by Mr. Justice Cardozo in *Clark* v. *Williard,* 292 U.S. 112, 123, 54 S. Ct. 615, 620, 78 L. Ed. 1160. See, also, Glenn on Liquidation, pages 409, 410, §§278, 279, 280."

In *Holley* v. *General American Life Ins. Co.,* 8 Cir., 101 F.2d 172, 174, we said:

"Moreover, it is the established rule that the liquidation of a domestic insurance company under the laws of the state of its domicile, where such laws furnish a comprehensive method for the winding up of its affairs by an officer of the state under the jurisdiction of a court of the state, cannot be interfered with by a federal court. *Lion Bonding & Surety Co.* v. *Karatz,* 262 U.S. 77, 88, 89, 43 S. Ct. 480, 67 L. Ed. 871; *O'Neil* v. *Welch,* 3 Cir., 245 F. 261, 269; *Tolfree* v. *New York Title & Mortgage Co.,* 2 Cir., 72 F.2d 702, 704; *Motlow* v. *Southern Holding & Securities Corporation,* 8 Cir., 95 F.2d 721, 725-726. A federal court will take no action which will impair or will frustrate the jurisdiction of a state court with respect to such proceedings."

We have regarded the opinion of the Supreme Court in *Lion Bonding & Surety Co.* v. *Karatz,* 262 U.S. 77, 88-90, as an admonition to the federal courts not to interfere with an officer of a state, who, under the laws of the state and the orders of a court of the state, is engaged in administering the property and business of an insurance company chartered by the state.

The decree of the court below, we think, constitutes an interference with the orderly administration of the property and business of the Michigan Company by the Commissioner of Insurance of Michigan under the laws of Michigan, and impairs the jurisdiction of the Michigan

court in directing and supervising such administration. The effect of the decree is to deprive the Michigan court and the Michigan Receiver of control over a large segment of the property of the Michigan Company and to disable that court from determining the rights of a group of policyholders who are subject to its jurisdiction and who have been paying their premiums to the Michigan Receiver or to the Indiana Company at his direction. Nearly all of these policyholders, by failing to dissent from the reinsurance and management agreement made with the Indiana Company, have indicated their willingness to accept it. The few who have dissented have filed claims with the Michigan court.

The plan of the Iowa Receiver is to segregate the securities on deposit in Iowa from the rest of the assets of the Michigan Company and to subject them and those policyholders who have, or who are thought to have, a beneficial interest in them superior to that of other policyholders, to an independent receivership proceeding in an Iowa court which, under any theory, can properly affect only part of the assets and none of the business of the Michigan Company. The decree of the court below was in furtherance of that plan and is hostile to the plans and purposes of the Michigan Receiver and the Michigan court for winding up the affairs of the Michigan Company.

Our conclusion is that the court below lacked jurisdiction because the Michigan court had first acquired jurisdiction of the securities on deposit in Iowa. But, even if that conclusion were not justified, we would still be of the opinion that the court below could not be called upon to decide which of the two state courts has the right to administer these assets of the Michigan Company and to determine controversies respecting them. The decrees and rulings of these two state courts relative to their respective jurisdictions are not subject to review or to collateral attack in a federal court. See and compare, *Palmer* v. *Texas*, 212 U.S. 118, 131; *Lion Bonding & Surety Co.* v. *Karatz*, 262 U.S. 77, 90; *Holley* v. *General American Life Ins. Co.*, 8 Cir., 101 F.2d 172, 174; *Chicot County Drainage*

District v. *Baxter State Bank*, 308 U.S. 371, 378; *Genecov* v. *Wine*, 8 Cir., 109 F.2d 265, 267. If, by reason of the reinsurance agreements and the laws of Iowa, the Iowa court has sole jurisdiction over the securities of the Michigan Company on deposit in Iowa, as appellee contends, it is the duty of that court to exercise it. If the Michigan court, on the other hand, has such jurisdiction, as we think it has, it must resolve the controversy over these assets. The Iowa Receiver, under the circumstances, cannot invoke the jurisdiction of a federal court to resolve his own doubts as to the jurisdiction of the Iowa court which has appointed him and which has already ruled that it has the jurisdiction which he claims that it has. We are convinced that the rights of the parties to this action with respect to the assets of the Michigan Company on deposit in Iowa and their controversy over whether the Michigan court or the Iowa court is to administer these assets were not for determination by the court below.

The decree appealed from is reversed and the case remanded with directions to enter a decree of dismissal for want of jurisdiction.

JOHNSEN, Circuit Judge, dissenting.

I am unable to agree that primary jurisdiction over the securities deposited with the Insurance Commissioner of Iowa rested in the Michigan courts, to the exclusion of independent jurisdiction by the courts of Iowa, and so respectfully dissent.

Had the Iowa deposit been one of mere bailment, with no charge or lien on the securities, I should have no difficulty, naturally, in concurrence. To hold, however, that orderliness in the domiciliary liquidation of a foreign corporation requires that a sister state be left impotent to prescribe an unsubserviated right of confirming and enforcing a lien created under its laws, upon property located in the state, is to me a bit ominous. Under such a rule, every lien creditor of a foreign corporation, including a mortgagee of real estate, despite his superior rights in

the property, must, where insolvency occurs, be regarded as a vagrant suppliant, no matter what fortification the terms of his contract, or the laws of the state under which the lien was created, may have attempted to afford him. State sovereignty, commercial practicality, and the dominant rights of lien position will, I am sure, ultimately compel a retreat from the point of absolutism which has now attritively been reached in our decisions, under the justification of orderly liquidation.

A repetition of some of the salient facts in this case will, I hope, be at least slightly demonstrative.

When the Michigan company reinsured the risks and took over the assets of the Iowa company in 1921, the latter had on deposit with the Insurance Commissioner of that state securities in an amount equal to the net cash value or legal reserve of its outstanding policies. The Iowa statute imposed this requirement upon all domestic life companies and provided for reserve readjustments by annual policy valuations. It authorized the company, so long as it remained in good standing, to collect the interest and dividends upon the deposited securities and to make approved substitutions. There was a provision, however, that the securities of any defaulting or insolvent company, or one against which the attorney general had instituted receivership proceedings, should "vest in the state for the benefit of the policies on which such deposits were made", and that the Iowa courts should have jurisdiction to divide the proceeds among the policyholders or apply them to the purchase of reinsurance.

At the time of the transaction with the Michigan company, the Iowa company's policies had printed on their face, "The full reserve on this policy is secured by a deposit of approved securities with the State of Iowa", and a provision in the policy, "The legal reserve on this policy shall be invested in approved securities and deposited with the State of Iowa as required by law." The reinsurance agreement between the two companies provided that the transfer of assets should be "subject to the re-

quirements of the statutes of the State of Iowa relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts", and that "the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts * * * reinsured will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, of Des Moines, Iowa, under the laws of said State of Iowa." The Michigan company never attempted to rewrite the policies, but simply issued to each policyholder a certificate of assumption, providing that it would "carry out all the provisions of said policy and perform all of the obligations therein contained as fully as the same would or should have been performed by the American Life Insurance Company of Des Moines, Iowa."

The reinsurance agreement, with its provision for maintaining the deposit of securities in the same manner as was required of the Iowa company under the statute, was approved by a commission consisting of the Governor, Commissioner of Insurance, and Attorney General of Iowa, and by the Insurance Commissioner of Michigan, in accordance with the respective laws of the two states. The Michigan company does not appear at any time to have questioned its obligation to maintain the deposit, and it regularly made the necessary adjustments in the amounts of the policy reserves from 1921 until the institution of insolvency proceedings against it in the Michigan courts in 1938.

To me, the transaction simply substituted the Michigan company for the Iowa company in the performance of every obligation existing under the Iowa policies and statutes. The right of the Michigan company to agree to such a segregation of assets seems to me to be conclusively established for the purposes of this case, by the approval of the Insurance Commissioner of Michigan, the company's acceptance of the assets subject to the condition, and its retention of the benefits of the transaction. That

question therefore cannot be regarded as open here. But, whether it would have been ultra vires for the Michigan company to have agreed to make such an original deposit, the deposit having been set up and maintained under Iowa law, its status after insolvency was and could only be a question of Iowa law.

The statutes of Iowa required a domestic company to deposit securities equal to the net cash value of its policies, for the purpose of providing a protective lien in favor of each individual policyholder. They constituted the Insurance Commissioner a trustee of the assets for this purpose, and, as a matter of administrative facilitation, provided that on insolvency the full legal title should automatically vest in the state. This status and these rights were specifically continued under the terms of the reinsurance agreement. So far as the deposit was concerned, the policies remained in practical effect domestic in character. Even, however, if the deposit had not been grounded on a statutory prescription and a valid recognition of, and agreement to continue, that status, but had been simply a voluntary deposit made by the Michigan company for the protection of the policyholders of the Iowa company, it would have had equal significance and effect under Iowa law. *State ex rel. Gibson* v. *American Bonding & Casualty Co.*, 206 Ia. 988, 221 N.W. 585.

In this situation, the receiver of the Michigan company clearly can have no other right in the matter than to receive any remaining surplus from the securities, after the lien rights have been satisfied, or to claim the reserve apportionment of any policyholders to whose rights he has succeeded by surrender of the policy or by equitable subrogation. It is admitted here that the securities involved are not equal in value to the net cash value of the policies. But, whatever the value of the securities, the rights of the receiver could not in any event have priority over the lien rights for which the Insurance Commissioner was authorized to act.

To say, therefore, that the legislature of Iowa could not provide an independent, substantive method of con-

firming and enforcing the paramount lien rights existing under Iowa law, without subserviency to the Michigan courts, is to me a denial of the sovereignty of that state. To what extent the policyholders may actually desire to avail themselves of their distributive rights under the Iowa law, in preference to accepting reinsurance privileges in the Indiana company—which has agreed to take over the Michigan company's risks, but with an initial lien of seventy-five per cent against the reserves—is for the policyholders themselves or their successors in rights to say in the Iowa proceedings.

The fact that the Iowa Commissioner has been constituted a receiver by the Iowa courts does not involve a basic jurisdictional clash with the Michigan courts, of which cognizance can be taken here. First, as I have pointed out, the rights of the Michigan receiver in the property are clearly subordinate to those of the lien beneficiaries, until the existing liens have been satisfied under Iowa law. Again, any clash between receiverships arises simply out of the method of lien enforcement which the State of Iowa has provided in the situation. On the fundamental question to be considered, the fact that provision has been made for enforcing the liens by a specific receivership does not present any different situation than if a simple action in foreclosure were involved.

Since the Iowa court is not attempting to administer assets as such, but merely to enforce specific local liens, just as might ordinarily be done in a simple foreclosure action, I do not believe that we are able to dispose of this situation on the ground that the federal courts will not determine questions between conflicting state court receiverships. Indeed, since the decision in *Erie Railroad Co.* v. *Tompkins*, 304 U.S. 64, 58 S. Ct. 817, 82 L. Ed. 1188, it seems rather clear to me that in cases resting on mere diversity of citizenship, the federal courts are simply substituting for the state courts and owe the duty of performing all their functions, unless some limitation exists upon their jurisdiction, as, for example, in labor injunction cases. Here, the federal court was simply asked to

perform the function of an Iowa state court, in declaring the status of the parties under the Iowa law. This it clearly had jurisdiction to do and owed the duty of doing. No uncertainty could exist under the law of Iowa as to the lien rights against the deposit. The State of Iowa had a sovereign right to provide a substantive means of enforcing these lien rights, to which its laws had given birth, upon property located in its jurisdiction, irrespective of whether any Michigan receivership ever existed. In the exercise of their substituted jurisdiction, it was the duty of the federal courts in this case to declare and give effect to Iowa law in the same manner as the courts of Iowa would have been obliged to do.

I have confined myself to the fundamental question involved without attempting to give consideration to the details of the trial court's decree.

[fol. 513] (Decree.)

United States Circuit Court of Appeals
Eighth Circuit.

November Term, 1940.

Monday, February 24, 1941.

American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, Appellants,

No. 11,852. vs.

Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company.

Appeal from the District Court of the United States for the Southern District of Iowa.

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Southern District of Iowa, and was argued by counsel.

On Consideration Whereof, it is now here ordered, adjudged, and decreed by this Court, that the decree of the said District Court, in this cause be, and the same is hereby, reversed with costs; and that the American United Life Insurance Company, John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company of Detroit, Michigan, and Dan E. Lydick, Receiver of the American Life Insurance Company of Detroit, Michigan, have and recover against Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the [fol. 514] American Life Insurance Company, the sum of One Thousand Three Hundred Seventy-two and 05/100 Dollars for their costs in this behalf expended and have execution therefor.

And it is further Ordered by this Court that this cause be, and the same is hereby, remanded to the said District Court with directions to enter a decree of dismissal for want of jurisdiction.

February 24, 1941.

(Notice of Appellee's Motion for Stay of Mandate.)

To: American United Life Insurance Company, and Robert A. Adams, and Phineas M. Henry, Its Attorneys;

To: John G. Emery, Commissioner of Insurance of the State of Michigan, as Permanent Liquidating Receiver of the American Life Insurance Company, of Detroit, Michigan, and Clayton F. Jennings and Phineas M. Henry, his attorneys, and

To: Dan E. Lydick, Receiver of the American Life Insurance Company, of Detroit, Michigan, and John M. Scott and Phineas M. Henry, his attorneys:

You are hereby notified that Appellee's Motion for Stay of Mandate, copy of which is heretofore attached, will be filed in the United States Circuit Court of Appeals for the Eighth Circuit, and will be brought on by appellee for an order on such Motion at and before said United States Cir-

cuit Court of Appeals on the 10th day of March, 1941, at Kansas City, Missouri.

[fol. 515]

JOHN M. HUGHES,
WILLIS J. O'BRIEN,
JOHN H. HUGHES, JR.,
Attorneys for Appellee.
819 Southern Surety Building,
Des Moines, Iowa.

Received copy of above notice and motion this 7th day of March, 1941.

PHINEAS M. HENRY,
Attorney for Appellant.

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(Copy of motion for stay of mandate attached to foregoing notice omitted at this place.)

(Endorsed): Filed in U. S. Circuit Court of Appeals, Mar. 10, 1941.

(Motion for Stay of Mandate.)

Comes now the Appellee in the above entitled cause and shows unto the Court as follows:

That on February 24, 1941, an opinion and judgment of this Court was entered in this cause reversing the decree appealed from and remanding the case with direction to enter a decree of dismissal for want of jurisdiction.

That it is the purpose of appellee to make timely petition to the Supreme Court of the United States for a Writ [fol. 516] of Certiorari to be directed to this Court to the end that the decision and decree of this Court in this cause may be reversed by the Supreme Court of the United States.

Wherefore, Appellee moves the Court to enter an order herein directing the Clerk to withhold the Mandate of this Court in this cause for a period of sixty (60) days from March 11, 1941, and if, within said sixty (60) days, the Appellee shall have filed in the Supreme Court of the

United States his Petition for a Writ of Certiorari directed to this Court in this cause and the same be not acted upon before the expiration of said sixty days' period, then that said Mandate be further withheld until the said Supreme Court of the United States shall have passed upon the said petition of Appellee.

JOHN N. HUGHES,
WILLIS J. O'BRIEN,
JOHN N. HUGHES, JR.,
Attorneys for Appellee,
819 Southern Surety Bldg.,
Des Moines, Iowa.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Mar. 10, 1941.

(Order Postponing Hearing of Motion of Appellee to Stay Mandate to March 20, 1941, etc.)

March Term, 1941.

Monday, March 10, 1941.

Motion of appellee to stay issuance of mandate pending petition for writ of certiorari in the Supreme Court of the United States is called to the attention of the Court by Mr. John N. Hughes, Jr., for appellee, and Mr. Phineas [fol. 517] M. Henry for appellants requests that hearing of the motion be postponed until March 20, 1941, to enable other counsel for appellants to be present and oppose the motion. The hearing of the motion is by the Court thereupon postponed until March 20, 1941, and the issuance of the mandate will in the meantime be withheld.

March 10, 1941.

(Order Denying Motion of Appellee to Stay Issuance of Mandate.)

March Term, 1941.

Thursday, March 20, 1941.

This cause came on this day to be heard on the motion of appellee to stay issuance of mandate pending a petition to the Supreme Court of the United States for a writ of certiorari. The Court having considered said motion after hearing counsel in support of and in opposition thereto,

It is now here ordered that said motion, be, and the same is hereby, denied.

March 20, 1941.

[fol. 518] (Clerk's Certificate.)

United States Circuit Court of Appeals,
Eighth Circuit.

I, E. E. Koch, Clerk of the United States Circuit Court of Appeals for the Eighth Circuit, do hereby certify that the foregoing contains the transcript of the record from the District Court of the United States for the Southern District of Iowa as prepared and printed under the rules of the United States Circuit Court of Appeals for the Eighth Circuit, under the supervision of its Clerk, and full, true and complete copies of the pleadings, record entries and proceedings, including the opinion, had and filed in the United States Circuit Court of Appeals, except the full captions, titles and endorsements omitted in pursuance of the rules of the Supreme Court of the United States, in a certain cause in said Circuit Court of Appeals wherein the American United Life Insurance Company, et al., were Appellants, and Charles R. Fischer, Commissioner of Insurance of the State of Iowa, as Receiver for the American Life Insurance Company, was Appellee, No. 11,852, as full, true and complete as the originals of the same remain on file and of record in my office.

And I do further certify that on the 22nd day of March, A. D. 1941, a mandate was issued out of said Circuit Court of Appeals in said cause, directed to the Judges of the District Court of the United States for the Southern District of Iowa.

In Testimony Whereof, I hereunto subscribe my name and affix the seal of the United States Circuit Court of Appeals for the Eighth Circuit, at office in the City of St. Louis, Missouri, this 21st day of April, A. D. 1941.

E. E. KOCH,
Clerk of the United States Circuit Court of Appeals for the Eighth Circuit.

(Seal)

[fol. 519] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed October 13, 1941

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Eighth Circuit is granted.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.